



## **NOTICE**

NOTICE is hereby given that the Company has received a Special notice from a member of the Company under Section 225 (1) of the Companies Act 1956, proposing to move the following resolution as an ordinary resolution at the forthcoming Annual General Meeting of the members of the Company to be held on Monday, the 30<sup>th</sup> day of June, 2003 at Dinanath Mangeshkar Hall, Tejpal Road, Opp. Vile Parle Railway Station, Vile Parle (East), Mumbai 400 057 at 11.30 a.m.:-

“RESOLVED that Messrs Deloitte Haskins & Sells, Chartered Accountants, Mumbai, be appointed as the Statutory Auditors of the Company in place of the retiring Auditors, Messrs Mahendra Kumbhat & Associates, Chartered Accountants, Mumbai, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration as may be mutually agreed upon between the Board of Directors and Messrs Deloitte Haskins & Sells, Mumbai.”

By order of Board of Directors

**JAYANT ATHAVALE**  
**COMPANY SECRETARY**

Place : Mumbai

Date : 2nd June, 2003.

Registered Office:

Elite Auto House, 54A, Sir M. VasANJI Road,  
Andheri (East), Mumbai – 400 093.

Note :

Special Notice referred to in the notice is open for inspection at the Registered Office of the Company between 11. 00 a.m. and 1. 00 p.m. on all working days (except Saturdays) upto the date of the Meeting.



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# Board of Directors

**Kalpathi S. Suresh**

*Chairman*

(Appointed on 10th March, 2003)

**K.S. Aghoram**

*Vice-Chairman*

(Appointed on 10th March, 2003)

**Pramod Khera**

*Managing Director*

**V. Balasubramanian**

*Executive Director*

**K.S. Ganesh**

*Director*

(Appointed on 10th March, 2003)

**D.V. Narasingarao**

*Director*

(Appointed on 10th March, 2003)

**R. Nagarajan**

*Director*

(Appointed on 10th March, 2003)

**N. Seshadri Kumar**

*Director*

(Appointed on 10th March, 2003)

**T.K. Bhaskar**

*Director*

(Appointed on 10th March, 2003)

**Atul K. Nishar**

*Chairman*

(Resigned on 10th March, 2003)

**Dr. A.C. Shah**

*Director*

(Resigned on 10th March, 2003)

**Dr. (Mrs.) Snehalata Deshmukh**

*Director*

(Resigned on 10th March, 2003)

**H.P. Nagchowdhury**

*Director*

(Resigned on 10th March, 2003)

**Auditors**

M/s. Mahendra Kumbhat & Associates

**Company Secretary :**

Jayant Athavale

**Bankers :**

HDFC Bank Limited

**Registered Office :**

Elite Auto House, 54-A,

Sir M. VasANJI Road,

Andheri (East), Mumbai – 400 093

Tel.: 91 22 56919625/26

Fax : 91 22 5692 24 34

Website : [www.aptech-worldwide.com](http://www.aptech-worldwide.com)

**Corporate Office :**

IT – 1 & IT – 2, Ground Floor,

SDF VII, SEEPZ,

Andheri (East), Mumbai – 400 096.

Tel.: 91 22 5697 4444

Fax : 91 22 5697 4455

**Registrar & Transfer Agents :**

Sharepro Services

Unit : Aptech Limited

3rd Floor, Satam Estate,

Cardinal Gracious Road,

Above Bank of Baroda,

Chakala, Andheri (East),

Mumbai – 400 099

Tel.: 91 22 2832 98 28 / 91 22 2821 59 91

Fax : 91 22 2837 56 46

**NOTICE** is hereby given that the Third Annual General Meeting of the Members of the Company will be held on Monday, the 30th day of June, 2003 at Dinanath Mangeshkar Hall, Tejpal Road, Opp. Vile Parle Railway Station, Vile Parle (East), Mumbai 400 057 at 11.30 a.m. to transact the following business :-

### **ORDINARY BUSINESS**

- 1) To receive, consider and adopt the Balance Sheet as at 31st December, 2002, the Profit and Loss Account for the period ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. V. Balasubramanian, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Auditors and to fix their remuneration.

### **SPECIAL BUSINESS**

- 4) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

**“RESOLVED THAT**, Mr. Kalpathi S. Suresh, in respect of whom the Company has received a Notice in writing from a member proposing him as a candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- (Rupees five hundred), and who is eligible for appointment to the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

- 5) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** Mr. K. S. Aghoram, in respect of whom the Company has received a Notice in writing from a member proposing him as a candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- (Rupees five hundred), and who is eligible for appointment to the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

- 6) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** Mr. K. S. Ganesh, in respect of whom the Company has received a Notice in writing from a member proposing him as a candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- (Rupees five hundred), and who is eligible for appointment to the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

- 7) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** Mr. D. V. Narasingarao, in respect of whom the Company has received a Notice in writing from a member proposing him as a candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- (Rupees five hundred), and who is eligible for appointment to the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

- 8) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** Mr. R. Nagarajan, in respect of whom the Company has received a Notice in writing from a member proposing him as a candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- (Rupees five hundred), and who is eligible for appointment to the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

- 9) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** Mr. N. Seshadri Kumar, in respect of whom the Company has received a Notice in writing from a member proposing him as a candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- (Rupees five hundred), and who is eligible for appointment to the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

- 10) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** Mr. T. K. Bhaskar, in respect of whom the Company has received a Notice in writing from a member proposing him as a candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- (Rupees five hundred), and who is eligible for appointment to the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

- 11) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

**“RESOLVED THAT** in accordance with the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), and the provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) [including any statutory modification(s) or re-enactment of the Act or the Guidelines for the time being in force] and subject to such other conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee including Compensation Committee which the Board may constitute to exercise its powers, including the powers, conferred by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including Directors of the Company, whether whole-time or working in India or overseas or otherwise, except the Promoter Directors) under an Employees Stock Option Plan (hereinafter referred to as the “ESOP Scheme” or “Plan”) such number of equity shares and/or equity linked instruments (including options), and/or any other instruments or securities (hereinafter collectively referred to as “Securities”) of the Company not exceeding 10% of the issued equity share capital of the Company on 31st December, 2002, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the applicable provisions of the law or guidelines as may be prevailing at that time.”

**“RESOLVED FURTHER THAT** the said Securities may be allotted directly to such employees/directors or in accordance with an ESOP Scheme framed in that behalf or through a trust which may be set up in any permissible manner and that the ESOP Scheme may also envisage for providing any financial assistance to the employees or to the trust to enable the employee(s) / trust to acquire, purchase or subscribe to the securities of the Company.”

**“RESOLVED FURTHER THAT** the issue of securities to any non-resident employee(s), non-resident Director(s) shall be subject to such approvals, permissions or consents as may be necessary in this regard.”

**“RESOLVED FURTHER THAT** the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing equity shares of the Company.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of the Securities allotted under the Scheme, on the stock exchanges where the Company’s shares are listed as per the terms and conditions of the listing agreement with the concerned stock exchanges and other applicable guidelines, rules and regulations.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, issue or allotment or listing of the Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide

upon and bring in to effect the ESOP Scheme and make any modifications, changes, variations, alterations or revisions in the said ESOP Scheme or to suspend, withdraw or revive the ESOP Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company”.

- 12) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

**“RESOLVED THAT** the benefits of the ESOP Scheme proposed under Resolution No.11 contained in this Notice be extended to or to the benefit of such person(s) who are in permanent employment of the subsidiary company(ies) whether Indian subsidiaries or foreign subsidiaries (including the Directors of the subsidiary company(ies), whether working in India or out of India, except the Promoter Directors) on the terms and conditions as may be decided by the Board of Directors of the Company or the Compensation Committee within the overall limit of 10% of the issued equity share capital of the Company on 31st December, 2002.”

- 13) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

**“RESOLVED THAT** pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment(s) thereto or modification(s) or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), and all other concerned and relevant authorities from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions of the Government of India, SEBI, RBI and all other appropriate authorities, institutions or bodies and subject to such conditions and modification(s) as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as “the Board”, which expression shall be deemed to include any Committee(s), constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised to accept, the Board be and is hereby authorised on behalf of the Company, to create, issue, offer or allot equity shares in one or more private or public offerings and whether in domestic or any other international market(s) and whether by way of direct issue and allotment of new or additional equity shares or in the form of depository receipts whether American Depository Receipts or Global Depository Receipts or any other form of receipts or American Depository Shares or bonds / debentures, convertible into equity shares, whether expressed in foreign currency or Indian Rupees or otherwise and such bonds/debentures convertible into equity shares may be either at the option of the Company or at the option of the holders thereof or whether compulsorily convertible into equity shares or linked to equity shares, with or without detachable or non-detachable warrants at the option of the warrant holders to subscribe to equity shares and / or any other form of instrument(s) or securities representing either equity shares and/or convertible securities linked to equity shares (all of which are herein collectively referred to as “Securities”), to investors (whether residents and / or non-residents and / or strategic investors and / or institutions and / or banks and / or incorporated bodies and / or individuals and / or trustees or otherwise, and whether or not such investors are members of the Company), through prospectus and/or offer letter or circular and / or on private / preferential placement basis, subject to such conditions as the Board may consider appropriate to prescribe as part of terms thereof in consultation with arrangers and consultants retained for the purpose for an aggregate amount of up to Rs. 10 Crores and/or US\$ 100 Million, as the case may be, (including the additional or further Securities issued pursuant to the Green Shoe Option), such issues and allotment to be made at such time or times, in one or more tranche(s), at such price or prices, at a discount, equal to or at a premium to market price or prices, in such manner and where necessary, in consultation with the lead managers and / or underwriters and / or other advisors, or otherwise on such terms and conditions as the Board may, in their absolute discretion, decide at the time of issue.”

**“RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or combinations of terms in accordance with prevalent market practice including but not limited to terms and conditions relating to, payment of interest, dividend, premium on redemption at the option of the Company and / or holders of any securities, including terms for issue of additional equity shares or variations of the price or period of conversion of securities into equity shares or issue of equity shares during the period of the securities or terms pertaining to voting rights or option(s) for early redemption of securities. Provided that, except for the conditions mentioned above, the issue of all equity shares referred to above shall rank pari passu with the existing equity shares of the Company in all respects.”

**“RESOLVED FURTHER THAT** the Company and / or any agencies or the Board of the Company may issue depositary receipts representing the underlying equity shares in the capital of the Company or such other securities in bearer, negotiable or registered form with such features and attributes as may be required and to provide for the tradeability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchange(s) in or outside India).”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, issue, offer or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorised, on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for managing, underwriting, marketing, listing, trading, acting as depository, custodian, registrar, paying and conversion agent, trustee and to issue any offer documents and sign all applications, filings, deeds, documents and writings and to pay any fees, commissions, remunerations, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotments and utilisation of the issue proceeds as it may, in its absolute discretion, deem fit.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers described aforesaid to any Committee of Directors or to any Managing/Whole-time Director(s) of the Company.”

- 14) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** in accordance with the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for time being in force), the existing Authorised Share Capital of the Company be and is hereby increased from Rs. 20,00,00,000/- (Rupees Twenty Crores Only) to Rs. 60,00,00,000/- (Rupees Sixty Crores Only) by the cancellation of 4800 (Four Thousand Eight Hundred) 9% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each aggregating Rs. 4,80,000/- (Rupees Four Lakh Eighty Thousand Only) and by the creation of 4,00,48,000 new equity shares of Rs.10/- (Rupees Ten only) each, aggregating Rs. 40,04,80,000/- (Rupees Forty Crores Four Lakhs Eighty Thousand only).”

- 15) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum of Association of the Company be and is hereby amended to the extent and in the manner set out hereinafter :

The existing Clause V of the Memorandum of Association of the Company, relating to Share Capital, be and is hereby amended by substituting the following Clause as Clause V in place and stead of the existing Clause V :

- V. The Authorised Share Capital of the Company is Rs. 60,00,00,000/- (Rupees Sixty Crores only) divided into 6,00,00,000 equity shares of Rs. 10/- (Rupees Ten only) each with rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in the Articles of Association of the Company and with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being, whether original or increased, into several classes (being those specified

in the Companies Act, 1956) and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions whether in regard to dividend, voting, return of capital or otherwise, as may be determined by or in accordance with the terms of the issue or the regulations of the Company. The Company shall also have powers to vary, modify, enlarge or abrogate any such rights, privileges or conditions attached to any share in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company for the time being in force.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary for the purpose of giving effect to this resolution.”

- 16) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

**“RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended as follows :

- a. Delete existing Article 3 and substitute in place and stead thereof the following Article as a new Article 3

3. The Authorised Share Capital of the Company is Rs. 60,00,00,000/- (Rupees Sixty Crores only) divided into 6,00,00,000 equity shares of Rs. 10/- (Rupees Ten only) each with rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in the Articles of Association of the Company and with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being whether original or increased, into several classes (being those specified in the Companies Act, 1956) and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions whether in regard to dividend, voting, return of capital or otherwise as may be determined by or in accordance with the terms of the issue or the regulations of the Company. The Company shall also have powers to vary, modify, enlarge or abrogate any such rights, privileges or conditions attached to any share in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company for the time being in force.

- b. The existing Articles 11A, 97A and 97B of the Articles of Association be deleted.

- c. Each of the existing Headings and Articles 112, 113, 114 and 120 be and are hereby deleted and new Headings and Articles reading as under be substituted in place and stead of the existing Headings and Articles 112, 113, 114 and 120 respectively :-

Quorum for Meeting of the Board	112.	Subject to the provisions of Section 287 of the Act, the quorum for a meeting of the Directors shall be one-third of the total strength of the Board of Directors, or two Directors, whichever is higher.
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Provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength, the number of remaining Directors, that is to say, the number of the Directors who are not interested (present at the meeting being not less than two), shall be the quorum during such time.

Appointment of Chairman	113.	The Board shall elect one of its members to be the Chairman of the Board and the Board shall determine the period for which he is to hold such office.
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Who to preside at meetings of the Board	114.	All meetings of the Directors shall be presided over by the Chairman, if present, but if, at any meeting of the Directors, the Chairman be not present at the time appointed for holding the same, then in that case, the Directors shall choose one of their number, then present, to preside at the meeting.
Power to appoint Managing Director and Wholetime Director	120.	Subject to the provisions of Sections 197A, 198, 267, 268, 269, 309, 310, 311, 314, 316 and 317 and other applicable provisions of the Act and of these Articles, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors or a Wholetime Director or Wholetime Directors of the Company for such term not exceeding five years at a time and subject to such conditions as they may think fit.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary for the purpose of giving effect to this resolution.”

By Order of the Board of Directors

**JAYANT ATHAVALE**  
*Company Secretary*

Place : Mumbai  
Date : 28th May, 2003.

**Registered Office :**

Elite Auto House, 54A, Sir M. VasANJI Road,  
Andheri (East), Mumbai - 400093.

**NOTES**

- 1) The Explanatory Statements, pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 4 to 16 as set out above, are annexed hereto.
- 2) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY, IN ORDER TO BE VALID, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 3) Members/Proxies should bring the Attendance Slip enclosed herewith duly filled in, for attending the Meeting.
- 4) All documents referred to in the Notice and Explanatory Statements are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays) upto the date of the meeting.
- 5) The Register of Members and Share Transfer Books will remain closed from Friday, 27th June, 2003 to Monday, 30th June, 2003 (both days inclusive).
- 6) Individual Shareholder can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the shares shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination form. The facility of nomination is not available to non-individual shareholders such as bodies corporate, kartas of Hindu undivided families, partnership firms, societies, trusts and holders of Power of Attorney.

- 7) Members are requested to :
- Intimate to the Company's Registrar and Transfer Agents changes, if any, in their addresses alongwith pin code number at an early date.
  - Quote folio numbers in all their correspondence.
  - Consolidate holdings into one folio in case of multiplicity of folios with names in identical orders.

8) Appointment/Re-appointment of Directors :

At the ensuing Annual General Meeting, Mr. V.Balasubramanian retires by rotation and being eligible offers himself for re-appointment. The brief resume, experience and functional expertise and the membership on various Boards and Committees of Director proposed to be re-appointed at Item number 2 as required under clause 49 of the Listing Agreement are furnished below :

Name of the Director	<b>Mr. V.Balasubramanian</b>
Date of Birth	2nd August, 1961
Date of Appointment	26th August, 2002
Experience in specific functional area	Computer Training & Education over a decade
Qualifications	Bachelors Degree in Engineering and Post Graduate Diploma in Industrial Engineering
List of companies in which outside directorship	Beijing Aptech Computer IT Company Limited Aptech (WOS) Bangladesh Limited Aptech Training Limited FZE Aptech Worldwide Corporation Inc., California
Chairman/Members of the Committee of the Board of the companies on which he is Director	NIL

**EXPLANATORY STATEMENTS PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NOS. 4 TO 10**

The Board of Directors of the Company, at its meeting held on 10th March, 2003 appointed Mr. Kalpathi S. Suresh, Mr. K. S. Aghoram, Mr. K. S. Ganesh, Mr. D. V. Narasingarao, Mr. R. Nagarajan, Mr. N. Seshadri Kumar and Mr. T. K. Bhaskar as Additional Directors of the Company pursuant to Section 260 of the Companies Act, 1956 and in exercise of the authority vested by the Articles of Association. The terms of office of Mr. Kalpathi S. Suresh, Mr. K. S. Aghoram, Mr. K. S. Ganesh, Mr. D. V. Narasingarao, Mr. R. Nagarajan, Mr. N. Seshadri Kumar and Mr. T. K. Bhaskar as Additional Directors expire at this Annual General Meeting.

The Company has received notices under Section 257(1) alongwith the requisite amount of deposit from members of the Company notifying their intention to propose the candidatures of Mr. Kalpathi S. Suresh, Mr. K. S. Aghoram, Mr. K. S. Ganesh, Mr. D. V. Narasingarao, Mr. R. Nagarajan, Mr. N. Seshadri Kumar and Mr. T. K. Bhaskar as Directors of the Company.

Your Directors commend the Resolutions at Item Nos. 4 to 10 for your approval.

Mr. Kalpathi S. Suresh, Mr. K. S. Aghoram and Mr. K. S. Ganesh, being relatives may be deemed to be concerned or interested in the Resolutions set out in Item Nos. 4, 5 and 6 of the notice. Mr. D. V. Narasingarao, Mr. R. Nagarajan, Mr. N. Seshadri Kumar and Mr. T. K. Bhaskar are concerned or interested in the Resolutions set out in Item Nos. 7, 8, 9, and 10 respectively.

## ITEM NO. 11

Intellectual capital is the source of competitive advantage for organisations in the IT industry. The success of these organisations to a large extent depends on its ability to attract, retain and motivate its human resources. Offering stock options goes a long way in achieving the above key objectives. With this end in view and in order to enable the employees to participate in the long term growth and financial success of the Company, the Board of Directors at their meeting held on 28th May, 2003 approved of Employees Stock Option Scheme, subject to the approval of the members for granting stock options to the eligible employees of the Company.

The salient features of the Employees Stock Option Scheme are set out below :

Total Options to be granted	Not exceeding 10% of the issued equity share capital of the Company.
Identification of classes of employees entitled to participate in the ESOP	All permanent "employees" of the Company working in India and overseas including Directors of the Company, whether executive or non-executive, excluding the promoter Directors.
Requirements of vesting and period of vesting	Vesting of options may commence at any time after grant, and may extend upto Ten years from the date of grant as determined by the Compensation Committee. The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the Compensation Committee, in its discretion, and which will include performance appraisal of the employee.
Minimum Period after which the options shall be vested	The minimum vesting period of an Option shall not be less than 12 months from the date of the grant of the Option.
Exercise Price of Options	In accordance with SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.
Exercise Period and the Process of Exercise	The exercise period will commence from the date of vesting, and will expire on such date as may be decided by the Compensation Committee, from time to time.  The Options will be exercisable by the Employees by a written application to the Company to exercise the Options, in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time.
Appraisal Process for determining the eligibility of employees to ESOP	The Options will lapse if not exercised within the specified exercise period.  The appraisal process for determining the eligibility of the employees will be specified by the Compensation Committee, and will be based on criteria such as the seniority of the employees, length of service, performance record, merit of the employees, and/or any such other criteria that may be determined by the Compensation Committee at its sole discretion.
Maximum number of options to be issued per employee and in aggregate	The maximum number of Options per optionee per year shall be determined by the Compensation Committee.

The Company shall conform to the Accounting Policies specified in Clause 13.1 of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

Your Directors commend the Resolution at Item No.11 for your approval.

Mr. Pramod Khara, Managing Director and Mr. V. Balasubramanian, Executive Director, may be deemed to be concerned or interested in the Resolution set out in Item No. 11 of the Notice to the extent of the options which may be offered, issued and allotted to them under the Scheme.

#### **ITEM NO. 12**

Your Board of Directors felt it appropriate to extend the stock options to select employees of subsidiary company(ies), as may be decided by the Board of Directors or Committee thereof, to motivate and retain the best talent. Clause 6(3) of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 requires the approval of Company's shareholders for allotment of stock options to employees of subsidiary company by way of a separate resolution. It is also proposed to issue stock options to the employees of the subsidiary company(ies), whether working in India or overseas subject to the regulations in force from time to time.

Your Directors commend the Resolution at Item No. 12 for your approval.

None of the Directors of the Company are concerned or interested in the Resolution set out in Item No. 12 of the Notice, except in cases where the stock options is made available to the Whole-time Directors of the Subsidiary Company(ies).

#### **ITEM NO. 13**

The Information Technology industry already occupies a significant share of the global economy and its share is expected to further increase in the coming years. According to IDC / NASSCOM forecasts, the global IT services market will grow substantially in the next three years. A key market with high potential for India to explore is the IT Training and Education Sector, according to NASSCOM.

As per the projections of NASSCOM, assuming optimistic growth in industry revenues, the demand for knowledge workers is expected to considerably surpass the supply, resulting into a considerable shortage of IT Professionals. This would pose a great challenge to the Indian IT Training industry along with other academic institutions to make up for the large part of the estimated shortfall and present opportunities for growth.

Your Company is already a global Training and Education company. It seeks to benefit from these emerging opportunities by making strategic acquisitions of businesses for which consideration may be paid by way of issue of equity shares or other instruments and making strategic investments in India and abroad including forming of Joint Ventures and Subsidiaries.

In pursuit of the above, your Company has identified the training Division of SSI Ltd., known as SSI Education, offering training in high-end / cutting edge technologies as a potential acquisition option. This will offer a very good growth opportunity to your Company where synergies between the two Education business can be leveraged to provide greater returns.

In order to address these opportunities, large quantum of resources would be required. Accordingly the Indian and / or international capital markets would be required to be tapped for raising these resources. Since this would require issue of new or additional equity shares or in the form of American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), American Depositary Shares (ADSs) or any other form of receipts or bonds / debentures convertible into equity shares and other Securities through public offerings or private placement basis and in domestic or any international market(s), approval of the members would have to be obtained in the General Meeting.

The Company will work out the mode of financing plans and also utilization plans including payment of consideration by way of issue of equity shares or other instruments in consultation with the advisors, lead managers and / or other agencies, wherever applicable, subject to the approval of Government of India,

Reserve Bank of India, Securities and Exchange Board of India (SEBI), any Overseas Statutory / Regulatory Authorities and other Authorities concerned wherever applicable. Pursuant to this offer, the Securities may be listed on the Stock Exchange(s), whether in India or abroad, as may be deemed fit by the Directors of the Company and may be represented by Depositary Receipts and / or such other Securities. This Resolution gives adequate flexibility in respect of working out the modalities of the issue as also to issue such Securities in such tranche(s), at such times and at such price and / or such other valuable consideration(s) as the Board may in its absolute discretion deem fit. The Special Resolution, if passed, will have the effect of allowing the Directors to issue and allot shares to investors, whether in India or abroad, who may or may not be existing shareholders of the Company.

Your Directors commend the Resolution at Item No. 13 for your approval.

Mr. Kalpathi S. Suresh, Mr. K. S. Aghoram, Mr. K. S. Ganesh, Mr. D. V. Narasingarao, Mr. R. Nagarajan, Mr. N. Seshadri Kumar and Mr. T. K. Bhaskar, being Directors of SSI Ltd. may be deemed to be concerned or interested in the Resolution at Item No. 13 of the Notice. Save as aforesaid, none of the other directors may be deemed to be concerned or interested in the proposed Resolution at Item No. 13, except to the extent of his holding of equity shares and the extent of his subscribing to equity shares/equity linked securities, if and when issued as also to the extent of subscription by a financial institution/company/body corporate/firm in which the Director or his/her relative may be directly or indirectly interested.

#### **ITEM NOS. 14, 15 AND 16**

The present Authorised Share Capital of your Company is Rs. 20,00,00,000/- (Rupees Twenty Crores only) divided into 1,99,52,000 (One Crore Ninety Nine Lakhs Fifty Two Thousand) equity shares of Rs. 10/- (Rupees Ten only) each and 4,800 (Four Thousand Eight Hundred) 9% Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred only) each.

It is proposed to increase the Authorised Share Capital of the Company to Rs. 60,00,00,000/- (Rupees Sixty Crores only) divided into 6,00,00,000 ( Six Crores only) equity shares of Rs. 10/- (Rupees Ten only) each by cancelling the 4800 9% Cumulative Redeemable Preference Shares of Rs. 100/- each aggregating Rs. 4,80,000/- and creation of 4,00,48,000 new equity shares of Rs.10/- each.

Consequent upon the proposed increase in the Authorised Share Capital of the Company, Clause V of the Memorandum of Association and Article 3 of the Articles of Association will be required to be altered.

It is also proposed to alter the Articles of Association of the Company relating to the Promoters of the Company and their rights consequent upon the execution of the Share Purchase Agreement on 10th February, 2003 between SSI Ltd. (Acquirers) acquiring from the Promoters (Sellers) the equity shares representing 27.18% of the paid up share capital of the Company.

A copy of the Memorandum and Articles of Association of the Company is available for inspection at the Registered Office of the Company between the hours 11.00 a.m. and 1.00 p.m. on any working day (excluding Saturday) prior to the date of the Annual General Meeting.

Your Directors commend the Resolutions at Item Nos. 14,15 and 16 for your approval.

None of the Directors of the Company are concerned or interested in the Resolutions set out in Item Nos. 14, 15 and 16 of the Notice.

By Order of the Board of Directors

**JAYANT ATHAVALE**  
*Company Secretary*

Place : Mumbai  
Date : 28th May, 2003

#### **Registered Office :**

Elite Auto House, 54A, Sir M. VasANJI Road,  
Andheri (East), Mumbai - 400093.

To,

## The Members of Aptech Limited

Your Directors are pleased to present their Third Annual Report on the business and operations of your Company and the Audited Financial Results for the period ended 31st December, 2002.

### CHANGE OF NAME

The name of your Company has been changed from Aptech Training Limited to Aptech Limited with effect from 4th October, 2002.

### FINANCIAL RESULTS

The Accounting year of your Company has been changed to end on 31st December every year. Accordingly, the accounts have been prepared for the period of nine months from 1st April, 2002 to 31st December, 2002. Thus, the current year's figures are not comparable with those of the previous year.

<b>INCOME</b>	<b>01.04.2002 to 31.12.2002 Rs. Lacs</b>	<b>16.01.2001 to 31.03.2002 Rs. Lacs</b>
Income from operations	<b>11457.90</b>	22378.98
Other Income	<b>64.20</b>	175.59
<b>TOTAL INCOME</b>	<b>11522.10</b>	<b>22554.57</b>
<b>EXPENDITURE</b>		
Training & Education Expenses	<b>7898.62</b>	16361.32
Employment Expenses	<b>917.56</b>	2280.04
Administration & Other expenses	<b>991.95</b>	1950.07
Restructuring Expenses	<b>–</b>	321.00
<b>TOTAL EXPENDITURE</b>	<b>9808.13</b>	<b>20912.43</b>
<b>GROSS OPERATING PROFIT / (LOSS)</b>	<b>1713.97</b>	<b>1642.14</b>
INTEREST & FINANCE CHARGES	<b>137.31</b>	208.03
PROFIT BEFORE DEPRECIATION & TAXATION	<b>1576.66</b>	1434.11
DEPRECIATION	<b>1060.52</b>	1209.49
<b>PROFIT BEFORE TAX</b>	<b>516.14</b>	<b>224.62</b>
PROVISION FOR TAX (Wealth Tax) / Income Tax	<b>40.26</b>	1.69
<b>PROFIT AFTER TAX</b>	<b>475.88</b>	<b>222.93</b>
ADD : SURPLUS/(DEFICIT) BROUGHT FORWARD FROM PREVIOUS YEAR	<b>598.54</b>	(1042.77)
ADD : TRANSFERRED FROM GENERAL RESERVES	<b>–</b>	1500.00
BALANCE AVAILABLE FOR APPROPRIATIONS	<b>1074.42</b>	680.16
LESS : APPROPRIATIONS		
PROPOSED INTERIM DIVIDEND ON PREFERENCE SHARES	<b>–</b>	74.07
TAX ON DIVIDEND	<b>–</b>	7.55
SURPLUS / (DEFICIT) CARRIED TO BALANCE SHEET	<b>1074.42</b>	598.54

### DIVIDEND

In order to conserve the Company's resources for its future activities, your Directors have decided not to recommend any dividend on Equity Shares for the period ended 31st December, 2002.

## **CONSOLIDATED ACCOUNTS**

As per the Listing Agreement with the Stock Exchanges, Consolidated financial statements have been annexed with the financial results of the Company.

## **LISTING**

During the period under review the Company's equity shares were listed on The Stock Exchange, Mumbai and The National Stock Exchange of India Limited with effect from 24th September, 2002 and 27th September, 2002, respectively.

The Company is considering the listing of Global Depository Shares (GDSs) on the Luxembourg Stock Exchange in order to provide liquidity to the GDSs holders.

## **OPERATIONS**

During the year under review, there were distinct and visible signs of improvement in the overall sentiment with the recruitments in the IT sector, demonstrating an uptrend. However, the percolating benefits to the IT Training and Education sector were slow to happen. While the enrolments in the Career segment has yet to pick up, the enquiry levels have shown improvement.

The Government and Institutional business provided visibility to the revenue streams in the domestic market. Your Company signed up major contracts with the Governments of Andhra Pradesh and Uttaranchal for providing computer education at Schools and Colleges. The International business, reflected buoyancy and the Company achieved the leadership position in Nigeria, China, Fiji, Vietnam, Columbia, Yemen and Sudan. The Company's operations in China demonstrated buoyancy, with 92 centres and the Joint venture reporting profits in the second year of operations. Arena Multimedia posted a stable performance and further received a fillip with 2002-03 being declared the Year of Multimedia. Your Company has performed reasonably well despite the slow down in the previous years. The Global Billings for Nine Month period ended December 31, 2002 stood at Rs.253.52 Crore as compared to Rs.301.44 Crore for over fourteen month period ended March 31, 2002. The quarterly revenues reported by the Company at the Global and Domestic level seems to have stabilized. The Company's efforts at control and optimization of costs in the past few months are visible in the improved profit margins reported for the period under review. The Gross Operating Margin stands at 14.88% for the period ended December 31, 2002 (up from 8.70% prior to restructuring expenses for the period ended 31st March, 2002) while the Net profit margin is at 4.13% (up from 0.99% for the period ended 31st March, 2002)

## **OVERSEAS CENTERS**

The International Operations of the Company continued to demonstrate impressive growth during the period under review. The total number of centers rose to 260 as at December 31, 2002 (235 as on March 31st, 2002) spread in 52 countries. The China Operations of the Company reached 92 Centers and Revenues of about USD 5.38 Million for the period ended December 31st, 2002. The Company achieved the leadership position in Bangladesh, Vietnam, China, Sudan, Yemen, Nigeria, Fiji and Columbia. The Company pursues a combination of Expansion and Operations strategies for different countries.

## **FUTURE PROSPECTS**

Your Company is optimistic on the recovery of the IT sector in the medium term and is geared internally to harness any opportunities in the IT Education and Multimedia space. The Company has realigned its structure as IT SBU and Arena Multimedia SBU to have clear business strategy. There is a renewed thrust to the retail operations with the Company positioning itself as the "Alternate to University" education. The Company's established brand image in providing Long Term Career courses is likely to get further fillip in the coming year. The focus on the Institutional business, particularly on the Government segment would be continued intensively in the coming year. The Company's forays in the ITES space continued with the launch of Domain focused Courses. Arena Multimedia has also ambitious growth plans on the anvil both in the domestic and international space. The prospects of Multimedia industry in domestic market have brightened with the CII declaring the year 2002-03 as the Year of Multimedia. The past year also saw your Company's movement up in the value chain with forays into lucrative E Learning space. The Company has plans to enter developed markets with its Content led strategy mainly focused towards the Corporate sector.

## **IT INFRASTRUCTURE INITIATIVES**

Your Company successfully implemented the SAP ERP package at its headquarters for Human Resources, Logistics and Finance functions. This has aided in smooth integration of functions seamlessly and has resulted in significant cost efficiencies. The Electronic Center Automation Systems ( e-CAS) is proposed to be integrated with SAP at Head Quarters in the coming year and this would facilitate capturing of information right from the student enquiry

level to the completion of the course at the center level as also to uploading of data at headquarters. This would also strengthen the Company's initiative in Customer Care and take the Company closer to its client namely the student community. Web Centric support was extended to Centers during the year. Your Company also proposes to install the Business Intelligence Warehouse (BIW) software that would enable integration of data captured by e-CAS and boost the company's efforts at student tracking and service.

### **QUALITY**

The commitment towards high quality education is confirmed, as your Company is the first organization to receive the ISO 9001 certification for Education Support Services. Your Company has been certified now under revised standards of ISO 9000:2000. It has also adopted Six Sigma methodology to reduce costs and enhance productivity and benchmarking of critical processes towards becoming a World Class Organization.

The adoption of Malcolm Baldrige Framework for Business Excellence has enabled your Company to recast its processes and develop customer - centric strategies.

### **RESEARCH & DEVELOPMENT INITIATIVES**

Your Company has made significant investments both in terms of manpower and resources in R & D initiatives. These initiatives have resulted in cost effective methodologies for Courseware development and Delivery mechanism. The Company's Centralized Automation System introduced last year for examinations enabled your Company to have greater control over the process and it has simultaneously facilitated adoption of best practices in the training process. AMEDA was introduced in 100 model centers. The R&D has given rise to identification of new solutions in Computer Managed Instructions. The Special Interest Group in Multimedia Arena (SIGMMA) was successful in conducting International Conference on Multimedia and Design (ICMD-2002) in collaboration with the Indian Institute of Technology (IIT), Mumbai and more than 80 industry relevant papers were presented.

During the period under review, your Company incurred Rs 1.79 crores towards Research & Development

### **COMMUNITY SERVICES**

Your Company has a vision of Empowerment through Technology. In pursuit of this vision, your Company has initiated programs, like 'Project Saraswati', 'Project Srishti', 'My Vidya' and 'Vidya', which signifies your Company's commitments in social responsibility.

Project Saraswati is run at Palghar in Mumbai. Your Company has teamed up with Rotary Club of Bombay Airport & Rotary Club of Palghar to set up a computer center at Palghar. Your Company has recently inaugurated Project Saraswati in the East by teaming up with Rotary International District 3290 in Kolkata. Your Company has donated computers to be placed at community centres where students from the underprivileged sections of society can access the PCs for learning. Even parents and friends can be introduced to the concept of computers forming a part and parcel of daily life.

Your Company plans to take this significant corporate citizenship activity to other cities such as Pune, Baroda, Chennai and Bangalore in the coming months. From India, Project Saraswati will move beyond the shores to the global level. Your Company has already initiated literacy campaigns for the underprivileged women in Bangladesh and is now extending the same to Nigeria.

Arena Multimedia recently announced the launch of its Corporate Citizenship endeavor under the aegis of Project Srishti. Through Project Srishti, Arena aims to take multimedia to the underprivileged section of society. In the first phase, it aims to educate 1000 underprivileged students throughout the country.

Your Company's popular multi-lingual literacy course, Vidya, has enabled 3.5 lakh students throughout the country till date, increasing computer awareness levels in the country on a mass scale. 'My Vidya', introduced earlier, was offered at the basic price of Rs 450/- only and has evoked massive response throughout the country.

### **CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS**

A separate report on the Corporate Governance and Management Discussion and Analysis is attached as a part of the Annual Report. The Auditors' Certificate regarding compliance of the conditions of Corporate Governance is also annexed.

### **SHARE PURCHASE AGREEMENT AND OPEN OFFER**

On 10th February, 2003, SSI Ltd. (Purchasers) has signed a Share Purchase Agreement (SPA) with the Promoters (Sellers) to acquire 49,32,408 (27.18%) equity shares of Rs.10/- each of the Company.

Subsequently, on 14th February, 2003, J M Morgan Stanley Private Limited (The Manager to the Offer), issued Public Announcement on behalf of SSI Ltd. along with Mr. K. S. Aghoram for purchase of upto 3,695,390 fully paid

up equity shares representing upto 20% of the voting capital of the Company at a price of Rs.49.75 per equity share payable in cash. The offer would open on 3rd April, 2003 and close on 2nd May, 2003.

#### **DIRECTORS**

In accordance with the Articles of Association of the Company, Dr. A. C. Shah and Mr. H. P. Nagchowdhury, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

#### **SUBSIDIARIES AND JOINT VENTURES**

During the year under review your Company formed a Wholly Owned Subsidiary in California, USA under the name and style of Aptech Worldwide Corp. Inc.

As required under Section 212 of the Companies Act, 1956, the Balance Sheet, Profit and Loss Account, Directors' Report on the Accounts (as applicable under the relevant Laws of the Countries of Incorporation) of the subsidiaries are annexed together with the statement of subsidiary companies to this Report.

Beijing Aptech Computer IT Company Limited, a 50:50 Joint Venture between Government of China (through a venture of Beijing University) and Aptech Limited performed very well during the year ended 31st December, 2002. The Joint Venture recorded a turnover of US\$ 5384659 and Profit before Tax of US\$ 1310044.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors hereby confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis.

#### **AUDITORS**

M/s Mahendra Kumbhat & Associates, Auditors of the Company, retire at the ensuing Annual General Meeting and have furnished a certificate regarding their eligibility for re-appointment as the Company's Auditors.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to and forms part of this Report.

#### **PARTICULARS OF EMPLOYEES**

Particulars of Employees required to be furnished under Section 217(2A) of Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 is annexed to this Report.

#### **FIXED DEPOSITS**

During the period under review, your Company has not accepted or invited any deposits from public.

#### **INSURANCE**

All the properties of the Company have been adequately insured.

#### **ACKNOWLEDGEMENT**

Your Directors wish to express their gratitude to the shareholders, financial Institutions, bankers, Government authorities, our esteemed Corporate clients and customers. They also wish to acknowledge the spirit of dedication, commitment and co-operation extended by employees at all levels.

For and on behalf of the Board of Directors

**Atul K. Nishar**  
*Chairman*

**Pramod Khera**  
*Managing Director*

Place : Mumbai  
Date : 14th February, 2003.

### SHARE PURCHASE AGREEMENT AND OPEN OFFER

SSI Limited (hereinafter referred to as SSI or Acquirer) entered into a Share Purchase Agreement (hereinafter referred to as SPA) on February 10, 2003 with the promoters, (hereinafter referred to as "Sellers") for the acquisition of 49,32,408 Equity Shares of Rs.10/- each fully paid-up representing 27.18% of the subscribed and paid up Equity capital of your Company at a price of Rs.49.75 per share. The Acquirer has paid the consideration in full and the Sellers have transferred the subject shares to "KCL Escrow A/c SSI Limited" with the Escrow Agent, M/s. Karvy Consultants Ltd.

Subsequently, pursuant to Regulation 10, Regulation 12, and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, the Acquirers have made an Open Offer for purchase of upto 36,95,390 fully paid-up Equity Shares of Rs.10/- each representing 20% of the voting capital (20.36% of the issued, subscribed and paid-up equity share capital) of the Company at a price of Rs.49.75 per share and has made full arrangements for the commitment arising as above.

In the event of any non-compliance of any of the provisions of the Regulations or non-compliance of this Offer, then in terms of Regulation 22(16) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, the SPA shall not be acted upon.

### DIRECTORS

In terms of second proviso to Regulation 22(7), Directors representing SSI comprising Mr. Kalpathi S. Suresh, Mr. K.S. Aghoram, Mr. K.S. Ganesh and Mr. D.V. Narasingarao were appointed on the Board of Aptech. Thereupon, the Board of Directors of Aptech, at the same meeting, unanimously elected Mr. Kalpathi S. Suresh as the Chairman of the Board of Aptech and Mr. K.S. Aghoram as Vice-Chairman.

At the same meeting, the Board of Aptech has also appointed Mr. R. Nagarajan, Mr. N. Seshadri Kumar and Mr. T.K. Bhaskar as independent Directors.

Notices under Section 257 of the Companies Act, 1956, along with deposits of Rs.500/- each have been received from Members of the Company signifying their intention to propose the candidatures of Mr. Kalpathi S. Suresh, Mr. K.S. Aghoram, Mr. K.S. Ganesh, Mr. D.V. Narasingarao, Mr. R. Nagarajan, Mr. N. Seshadri Kumar and Mr. T.K. Bhaskar as Directors of the Company, liable for retirement by rotation.

Mr. Atul K. Nishar resigned from the Board with effect from March 10, 2003. The Directors acknowledge the immense contribution made by Mr. Atul K. Nishar as a founder of the Computer Training and Education business and in translating the vision of making your Company a global player in international market into a reality and placed on record the appreciation of the services rendered by him.

Dr. A.C. Shah, Dr. (Mrs.) Snehalata Deshmukh and Mr. H.P. Nagchowdhury also resigned from the Board with effect from March 10, 2003. The Directors placed on record their appreciation of the valuable services rendered by Dr. A.C. Shah, Dr. (Mrs.) Snehalata Deshmukh and Mr. H.P. Nagchowdhury during their respective tenures as Directors of your Company.

In accordance with the Articles of Association of the Company, Mr. V. Balasubramanian retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

### AUDIT COMMITTEE

Consequent upon the change in composition of the Board of Directors, the Company reconstituted the Audit Committee which now comprises of Mr. R. Nagarajan (Chairman), Mr. N. Seshadri Kumar and Mr. T. K. Bhaskar.

### ACQUISITION OF EDUCATION AND TRAINING BUSINESS OF SSI LTD.

It is proposed to acquire, on such terms and conditions as would be negotiated and agreed upon, the Education and Training business of SSI Ltd., for a consideration payable in cash and / or by way of issue of equity shares in such manner as may be decided by the Board.

For and on behalf of the Board of Directors

**Pramod Khera**                      **V. Balasubramanian**  
*Managing Director*                      *Executive Director*

Place : Mumbai

Date : 28th May, 2003

## ANNEXURE TO DIRECTORS' REPORT

### INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, AND RULES MADE THEREUNDER.

#### CONSERVATION OF ENERGY

The range of activities of your Company require minimal energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible. All possible measures have been taken to conserve energy:

1. Through automation, i.e. using timers, automatic level controllers etc.; and
2. By incorporating energy-efficient equipment.

#### TECHNOLOGY ABSORPTION

Your Company has, in its endeavor to obtain and deliver the best, entered into alliances / tie-ups with major Global players in the IT Industry, to harness and tap the latest and the best of technology in its field, upgrade itself in line with the latest technology in the world and deploy / absorb technology wherever feasible, relevant and appropriate. At the same time, your Company has also attached tremendous significance to indigenous development and upgradation of technology through its Research and Development Operations.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Foreign Exchange Earnings and Outgo are mentioned in Para 10 of Schedule 17 - Notes to Accounts, forming part of the Balance Sheet.

For and on behalf of the Board of Directors

**Atul K. Nishar**  
*Chairman*

**Pramod Khera**  
*Managing Director*

Place : Mumbai

Date : 14th February, 2003

## ANNEXURE TO DIRECTORS' REPORT

Particulars of Employees pursuant to section 217(2A) of the Companies Act, 1956 read with Companies(Particulars of Employees Rules), 1975 and forming part of the Director's Report for the period ended 31st December, 2002

Sr. No.	Name	Age (years)	Designation / Nature of Duties	Gross Remuneration Received Rs.	Qualification & Experience (years)	Date of commencement of Employment	Last employment Held Period (years)
1	<b><i>Employed throughout the year</i></b> Pramod Khera	42	Managing Director	2,052,158	B. Tech., P.G.D.M. (18)	01-Jul-96	Tele Shopping Network (1)

Notes:

- 1 Remuneration includes Salary, Company's Contribution to Provident & Superannuation Fund and taxable value of Perquisites and allowances as per the Income Tax Act, 1961 and rules made thereunder.
- 2 All appointments are non - contractual and terminable by notice on either side.
- 3 None of the above employee is related to any Director of the Company except Mr. Pramod Khera who is Director of the company.

For and on behalf of the Board

**Atul K. Nishar**  
*Chairman*

**Pramod Khera**  
*Managing Director*

Place : Mumbai

Date : 14th February, 2003

**Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies.**

1. Name of the Subsidiary	Aptech (WOS) Bangladesh Limited	Aptech Training Limited F.Z.E.
2. The Financial Year of the Company ended on	30th September, 2002	31st December, 2002
3. Holding Company India	Aptech Limited	Aptech Limited
4. Holding Company's Interest	100%	100%
5. Shares held by the holding Company in the Subsidiary no. / par value	1,60,000 Shares of 10 Taka each	1,00,000 UAE Dirhams
6. The aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding Company a) dealt with or provided for in accounts of the holding Company b) not dealt with or provided for in the accounts of the Company	NIL  Rs. 11,62,198	NIL  Rs. (9,89,232)
7. The aggregate of profits or losses for the previous financial year of the subsidiary so far it concerns the members of the holding Company a) dealt with or provided for in accounts of the holding Company b) not dealt with or provided for in the accounts of the Company	NIL  Rs. 1,40,080	NIL  NIL
8. Material change between the end of the Financial year of the Subsidiary Company and the Company's Financial year ended 31st December, 2002 a) Fixed Assets b) Investments c) Money Lent d) Money Borrowed other than those for meeting current Liabilities	Rs. 12,560 NIL NIL NIL	NIL NIL NIL NIL

For and on behalf of the Board

**Atul K. Nishar**  
Chairman

**Pramod Khara**  
Managing Director

Place : Mumbai  
Date : 14th February, 2003

## CORPORATE GOVERNANCE

### PHILOSOPHY

Your Company believes that Corporate Governance is a powerful medium to subserve the long-term interests of all the stakeholders, including the enhancement of overall business valuation for the owners. Corporate Governance strengthens Investors' trust and ensures a long-term partnership that helps in fulfilling our quest for achieving significant growth and profits.

Your Company is committed to benchmarking itself with the best in all areas including Corporate Governance and has benchmarked its practices with the prevailing guidelines with transparency, full disclosure and independent monitoring.

### BOARD OF DIRECTORS

#### Composition, Category of Directors And Their Other Directorships And Committee Memberships

Directors	Category	Other Directorships/Board Committees (Numbers)	
		Directorships	Board Committee
Mr. Atul K. Nishar	Chairman and Director	6	—
Mr. H. P. Nagchowdhury	Independent and Non-Executive Director	—	—
Dr. A. C. Shah	Independent and Non-Executive Director	9	3
Dr. (Mrs.) Snehalata Deshmukh	Independent and Non-Executive Director	—	—
Mr. Pramod Khera	Managing Director	3	—
Mr. V. Balasubramanian	Executive Director	4	—

Seven Meetings of the Board of Directors were held during the Nine months period ended 31st December, 2002 as under:

Dates of Board Meeting
20th May, 2002
12th June, 2002
6th July, 2002
26th August, 2002
30th September, 2002
22nd October, 2002
24th December, 2002

**Attendance of the Directors at the Board Meetings, Last Annual General Meeting and Extra Ordinary General Meetings:**

Name of Director	No. of Board Meetings Attended	Attendance at the Last Annual General Meeting held on 30th September, 2002	No. of Extra Ordinary General Meetings Attended (NIL Extra Ordinary General Meeting held)
Mr. Atul K. Nishar	7	Yes	—
Mr. H. P. Nagchowdhury	7	Yes	—
Dr. A. C. Shah	7	Yes	—
Dr. (Mrs.) Snehalata Deshmukh	6	Yes	—
Mr. Pramod Khera	7	Yes	—
Mr. V. Balasubramanian	4	Yes	—

**AUDIT COMMITTEE**

**Brief description of Terms of reference:**

The Audit Committee's role would include the following:-

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
- (b) Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services.
- (c) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by Management.
  - Qualifications in draft Audit Report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with the accounting standards.
  - Compliance with Stock Exchanges and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- (d) Reviewing with Management, external and internal auditors, the adequacy of internal control systems.
- (e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- (f) Discussion with internal auditors of any significant findings and follow-up thereon.
- (g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- (h) Discussion with external auditors before the audit commences, the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
- (i) Reviewing the Company's financial and risk management policies.
- (j) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

#### Composition, Name of Members and Chairman

The Audit Committee consists of three non-executive and independent Directors viz. Dr. A. C. Shah (Chairman), Mr. H. P. Nagchowdhury and Dr. (Mrs.) Snehalata Deshmukh.

#### Meetings and Attendance during the Nine months period ended 31st December, 2002

Name of Director	No. of Meetings	
	Held	Attended
Dr. A. C. Shah	4	4
Mr. H. P. Nagchowdhury	4	4
Dr. (Mrs.) Snehalata Deshmukh	4	4

#### Remuneration to Directors for the Period 01.04.02 – 31.12.02

Amount in Rs.

Name of Director	Mr. Pramod Khera	Mr. V. Balasubramanian
Salary & Allowance	15,91,082	8,68,025
Perquisites	1,78,578	14,886
Contribution to Provident Fund and Superannuation Fund	2,85,800	1,50,863
<b>TOTAL</b>	<b>20,55,460</b>	<b>10,33,774</b>

#### ESOP

In terms of the ESOP Scheme read with the Composite Scheme of Reconstruction, the dates of grant of Warrants are as under :-

Name of Director	Date of Grant of Warrant	No. of Warrants
Mr. Pramod Khera	1st February, 2001	7,500
	1st February, 2002	7,500
	1st February, 2003	7,500
Mr. V. Balasubramanian	1st February, 2001	750
	1st February, 2002	750
	1st February, 2003	750

Each Warrant entitles its holder to exercise the right to apply for and seek allotment of one Equity Share of Rs. 10/- at a price of Rs. 490/- per share plus One Bonus Share (2000 Issue) for every Share so allotted. The Warrants are to be exercised on specified dates in every Calendar Year on or before 29th December 2009. The Warrant holder will also be entitled for any bonus shares issued before the right to be entitled to a share by the Warrant holder is exercised.

<b>Non-Executive Directors</b>	<b>Sitting Fees for attending Board and / or Committee Meetings (Rs.)</b>
Mr. Atul K. Nishar	35,000
Mr. H. P. Nagchowdhury	90,000
Dr. A. C. Shah	1,15,000
Dr. (Mrs.) Snehalata Deshmukh	1,10,000

#### **SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

Chairman	:	Dr. A. C. Shah
Members	:	Dr. (Mrs.) Snehalata Deshmukh Mr. Pramod Kherra
Compliance Officer	:	Mr. Jayant Athavale

#### **Complaints received during the Nine months period ended 31st December, 2002**

<b>Nature of Complaints</b>	<b>Received</b>	<b>Cleared</b>	<b>Pending</b>
Relating to Transfer, Transmission etc.	Nil	Nil	Nil
Other / Miscellaneous	Nil	Nil	Nil
<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

#### **Pending Transfers**

There were no pending transfers as on 31st December, 2002.

#### **Brief information on the Directors proposed for re-appointment**

Dr. A. C. Shah, aged 70, was an eminent Banker and was the Chairman of Bank of Baroda and holds Directorships in several other Companies.

Mr. H. P. Nagchowdhury, aged 78, has an extensive experience in Finance and Banking.

The Directorships and Memberships of Committees of the Board held by Dr. A. C. Shah and Mr. H. P. Nagchowdhury are as under:

<b>Name of Director</b>	<b>Directorship</b>	<b>Committee</b>
<b>Dr. A. C. Shah</b>	Aptech Limited	Audit Committee Banking & Operations Committee Shareholders / Investors Grievance Committee Remuneration Committee Capital Issues Committee Compensation Committee
	National Organic Chemical Industries Ltd.	Audit Committee
	Reliance Capital Trustee Co.	—
	Zandu Pharmaceuticals Works Ltd.	—
	S. Kumars Nationwide Ltd.	Audit Committee

Name of Director	Directorship	Committee
	Elecon Engineering	—
	Adani Exports Ltd.	Audit Committee
	ANZ Grindlays (now Standard Chartered) – Asset Management Co. Pvt. Ltd.	—
	Smart Bridges, Singapore	—
	Gujarat Petrosynthesis	—
<b>Mr. H. P. Nagchowdhury</b>	Aptech Limited	Audit Committee Banking & Operations Committee Remuneration Committee Compensation Committee

#### **Details of Annual General Meeting :**

The Annual General Meeting was held on 30th September, 2002 at 11.30 a.m. at Shree Vile Parle Gujarati Mandal, Navinbhai Thakkar Hall, Shradhanand Road, Vile Parle (East), Mumbai - 400 057.

No Special Resolutions were passed through postal ballot at the Last Annual General Meeting (AGM). No special resolutions are proposed through postal ballot at the forthcoming AGM.

#### **Disclosures**

- (a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company.

During the period under review, the Company has borrowed by way of an unsecured loan an amount of Rs. 1.65 crores carrying interest @13% p.a. from Hexaware Technologies Limited, a Company in which Mr. Atul K. Nishar, Chairman is a Director, which is still outstanding.

After the close of the period under review, a Share Purchase Agreement between the Promoters (Sellers) and SSI Ltd. (Purchasers) was entered into for the sale of 49,32,408 (27.18%) equity shares in the Company.

There are no other materially significant related party transactions during the period under review that may have potential conflict with the interest of the Company.

- (b) Details of no non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

No penalties and strictures have been imposed by any statutory authorities on matters relating to capital markets since the incorporation.

### Means of Communication

- ❖ Half yearly report sent to each household of shareholders No
- ❖ Quarterly Results which newspapers normally published in Loksatta  
Maharashtra Times  
Economic Times  
Financial Express
- ❖ Any Website, where displayed www.aptech-worldwide.com
- ❖ Whether it also displays, official news releases and Presentations made to institutional investors / Analysts Yes
- ❖ Whether MD & A is a part of Annual Report Yes
- ❖ Whether shareholder information Section forms part of the Annual Report Yes

### General Shareholder Information

1. Financial reporting for the quarter ending
  - ❖ June 30, 2002 : July, 2002
  - ❖ September 30, 2002 : October, 2002
  - ❖ December 31, 2002 : January - March, 2003
  - ❖ March 31, 2003 : April, 2003
2. Registered Office : Elite Auto House, 54 – A,  
Sir M.Vasanji Road,  
Andheri (East),  
Mumbai - 400 093.
3. Listing of Equity Shares / GDSs on Stock Exchanges : The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 023  
  
The National Stock Exchange of India Limited  
Exchange Plaza, Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400 051  
  
Application is proposed to be made for enlistment of GDSs on Luxembourg Stock Exchange in order to provide liquidity to GDSholders.

#### 4. Stock Code :

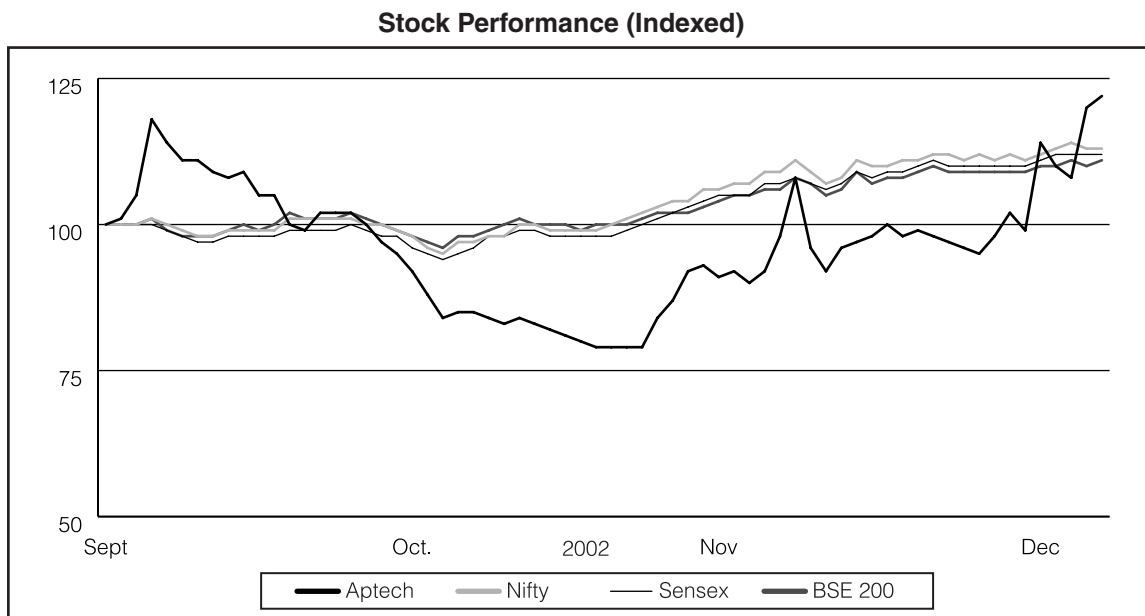
Name of the Exchange	Reuters	Bloomberg
Mumbai Stock Exchange	APTA-BO	APTR IN
National Stock Exchange	APTA-NS	APTR N

7. **Stock Market Data :**

Year / Month	The Stock Exchange, Mumbai (Rs.)		The National Stock Exchange of India Limited (Rs.)	
	High	Low	High	Low
April 2002	—	—	—	—
May 2002	—	—	—	—
June 2002	—	—	—	—
July 2002	—	—	—	—
Aug. 2002	—	—	—	—
Sep. 2002	45.00	29.65	39.50	33.30
Oct. 2002	36.80	26.10	37.00	26.30
Nov. 2002	31.10	24.60	31.15	24.10
Dec. 2002	40.00	28.75	40.25	28.00

The equity shares of the Company were listed on the Stock Exchange, Mumbai and the National Stock Exchange of India Limited on 24th September, 2002 and 27th September, 2002, respectively.

8. **Stock Performance : (Indexed)**



9. **Stock Performance** : For the period ended 31st December, 2002

In Percentage	Year 2002
Aptech Limited	22.26
BSE Sensex	11.75
Nifty	13.18

10. **Registrar and Share Transfer Agents**

: **M/s. Sharepro Services**  
 Satam Estate, 3rd Floor,  
 Cardinal Gracious Road, Chakala,  
 Andheri (East), Mumbai - 400 099.  
 Tel. : 28329828/28215991 Fax : 28375646  
 E-mail : sharepro@vsnl.com

**M/s. Sharepro Services**  
 912, Raheja Centre,  
 Free Press Journal Road, Nariman Point,  
 Mumbai - 400 021.  
 Tel : 22811568-69, 22844668  
 Fax : 22825484

11. **Share Transfer System**

Trading in equity shares of the Company is permitted only in dematerialized form.

Share Transfers in physical form are registered and returned between 15 to 30 days from the date of receipt, if documents are in order in all respects.

The Committee of Directors (Shareholders/Investors Grievances) usually approves transfer of shares every 15 days.

12. **Distribution of Shareholding**

As on 31st December, 2002				
No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1-500	128211	98.11	6313517	34.79
501-1000	1476	1.13	1018586	5.61
1001-2000	609	0.47	850365	4.69
2001-3000	154	0.12	390386	2.16
3001-4000	57	0.04	196950	1.08
4001-5000	40	0.03	179292	0.98
5001-10000	78	0.06	530891	2.92
10000 and above	61	0.04	8669450	47.77
<b>TOTAL</b>	<b>130686</b>	<b>100.00</b>	<b>18149437</b>	<b>100.00</b>

13. **Categories of Shareholding (as on 31st December, 2002)**

Sr. No.	Category of Holders	No. of Shares	% of Equity
1.	Promoters' Holding	4985967	27.47
	<b>Sub-Total</b>	<b>4985967</b>	<b>27.47</b>
2.	Mutual Funds / UTI	1016884	5.60
3.	Banks / Financial Institutions / Insurance Companies (Central / State Govt. Institutions / Non Govt. Institutions)	749420	4.13
4.	FII's / GDR	558286	3.08
	<b>Sub-Total</b>	<b>2324590</b>	<b>12.81</b>
5.	Others		
	Private Corporate Bodies	1877741	10.35
	Indian Public	8675649	47.80
	NRIs / OCBs / Foreign Company	285490	1.57
	<b>Sub Total</b>	<b>10838880</b>	<b>59.72</b>
	<b>TOTAL</b>	<b>18149437</b>	<b>100.00</b>

14. **Dematerialization of Shares and liquidity :**

Over 90.81% of Equity Shares have been dematerialized upto 31st December, 2002.

15. **Details on use of public funds obtained in the last three years.**

No funds have been raised from the public since incorporation.

16. **Outstanding GDR/Warrants and Convertible bonds, conversion date and likely impact on the equity:**

1. Outstanding Global Depository Shares (GDSs) as on 31st December, 2002 are 11,10,074.
2. 3,30,000 Warrants allotted under ESOP entitles the holder to get allotted 1 Equity Share of Rs. 10/- each in the Company at a price of Rs. 490/- per equity share between 1 to 10 years on the date of allotment and any proportionate bonus entitlements for any bonus shares issued before the right to be entitled to a share is exercised by the warrant holder.

Assuming all the warrants are converted into equity shares, then the number of equity shares available for trading in Indian Stock Exchanges would go up by further 6,60,000 equity shares.

17. **Investor Correspondence**

The Company Secretary  
Elite Auto House, 54 – A, Sir M. VasANJI Road,  
Andheri (East), Mumbai - 400 093.  
Tel. : 91-22- 56919625/26  
Fax : 91-22- 5692 24 34

**BRIEF INFORMATION ON THE DIRECTOR PROPOSED FOR RE-APPOINTMENT**

Mr. V. Balasubramanian, aged 42, has been the Whole-time Director of the Company designated as Executive Director with effect from 26th August, 2002. Mr. Balasubramanian is an Engineering graduate and has more than 16 years experience in Information Technology industry.

The Directorships and Memberships of Committees of the Board held by Mr. V. Balasubramanian are as under:

<b>Name of Director</b>	<b>Directorship</b>	<b>Committee</b>
<b>Mr. V. Balasubramanian</b>	Aptech Limited	–
	Beijing Aptech Computer IT Company Limited	–
	Aptech (WOS) Bangladesh Limited	–
	Aptech Training Limited FZE	–
	Aptech Worldwide Corporation Inc., California	–

**GENERAL SHAREHOLDER INFORMATION**

Date and Time	:	June 30, 2003, 11.30 a.m.
Venue	:	Dinanath Mangeshkar Hall, Tejpal Road, Opp. Vile Parle Railway Station, Vile Parle (East), Mumbai – 400 057
Book Closure Dates	:	27th June, 2003 to 30th June, 2003 (both days inclusive)

### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The year which has just gone by ended with cautious optimism on a possible early recovery of Global IT industry. There were distinct and visible signs of improvement in the overall sentiment with the recruitments in the IT sector demonstrating an uptrend. There was also flow of larger outsourcing and software maintenance contracts to India and it is expected that the country would be one of the preferred outsourcing destinations for global corporations. However, one concern area that emerged during the year was continuous appreciation of rupee vis-a-vis US Dollar. This is attributed to a large extent to the healthy foreign exchange reserve position of India, which are touching an all time high of about USD 73 Billion. The appreciation of Rupee with respect to the dollar has a depressing impact on the Profitability (and Balance Sheets) of major software companies in India whose major business transactions are carried out in terms of US Dollars. Notwithstanding the signs of recovery in the IT sector, the percolating benefits to the IT Training and Education sector were slow to happen. While the enrolments in the Career segment have yet to demonstrate signs of pick up, the enquiry levels have shown improvement. The Government and Institutional business, one of the key drivers in the domestic space aided in providing visibility to the revenue streams. The International business, particularly in the depth countries reflected buoyancy. Your Company continued unabated in its efforts for cost control and cost reduction and the impact was visible in the quarterly earnings reported by the Company, which showed considerable improvement in the profit margins. The automation drives resulting in centralization of key functions initiated by the Company earlier have also contributed to a great extent in the containment of costs.

### 2. OPPORTUNITIES AND THREATS

#### 2 a) Opportunities

Your Company is today one of the largest pure IT Training and Education Company in the country with presence in various Countries through a network of Centers. The SBU structure adopted by the Company to operationalise its business strategy has proved to be highly successful. The Company's multi segment multi product strategy encompassing various facets of customer profile has aided in minimization of business risk through diversified portfolio. The Government sector has emerged as a promising avenue with most of the States having identified IT as the main thrust area of growth though the retail segment still seems to be sluggish. The Company has also provided renewed thrust to its foray into the private schools with its offering "APTECH Plus". The opportunities for the Company in training the pool of manpower for lucrative ITES and BPO segments are enormous. Your Company has already launched domain specialist courses in the BPO space. In the Multimedia and Entertainment segment, your Company offers the largest organized network of training through its Arena offering. The Company is confident of the prospects of IT Education and Training industry and is also open to pursue growth inorganically in the domestic and international space.

#### Indian Opportunities in IT Sector

According to IDC/ Nasscom forecast, the global IT services market will grow from US \$ 394.8 billion (year 2000) to US \$ 700.4 billion (year 2005). Some of the key opportunities for Indian IT companies are in the areas of IT Outsourcing and Packaged Software Support and Installation.

IT Training and Education sector, where high skill base and low cost of delivery via web will be the key to requirement fulfillment. This segment is expected to grow from US\$ 22.4 billion (year 2000) to US \$ 40.9 billion (year 2005).

Nasscom-Mckinsey Report 2002 forecasts the demand for IT professionals likely to 14,08,500 by the Year 2004-5. The supply would however just touch 875,000 - resulting in shortage of 533,500 IT professionals. While most of the demand for skilled IT professionals is met through engineering graduates, the gap is likely to be filled by the IT Training institutes. At the minimum, the shortage has been estimated at 64000 Knowledge professionals.

Outsourced processing services, including back office work in industry verticals like finance, insurance, airlines, etc. are also significant opportunity areas. India's vast English speaking, skilled manpower base and low cost provides a competitive advantage. A Nasscom study shows that today, one in every four global

giants outsource their software requirements to Indian companies. The IT Training and Education industry in India has a key role to play along with the formal sector in meeting demand for skilled manpower.

The growth in IT Training & Education segment in coming years is expected to emanate from proliferation of personal Computers at homes and offices, advancements in technology across various segments and increased recovery in the Global IT industry.

## 2 b) Threats

Being a part of the IT industry, one of the major threats that the Company faces today is technological obsolescence. Your Company has to, therefore, continuously monitor the content and relevance of its courses in line with the contemporary technologies and customer preferences. It is equally important to be able to predict the future technology trends to be able to enjoy the First mover advantage. Technology Advisory Group (TAG) aids the Company's efforts in this respect and their recommendations in the past have greatly contributed to the Company's efforts in devising contemporary and relevant product offerings. The fortunes of the Company are intricately linked to the prospects of IT industry with a lag effect. Any slowdown in the revival could impact adversely the performance of the IT Training and Education market.

## Competition

The IT Training and Education market saw consolidation in the domestic market in the past year as also the entry of global players in the country. The industry now constitutes of only large and serious players. The track record of the Company in the industry with its established brand name and network would prevent impairment in the market share although there could be pressure on margins.

## 3. SEGMENTWISE OR SBU WISE PERFORMANCE

**IT Education:** The IT SBU comprises the domestic and international operations of the flagship brand Aptech Computer Education & Asset International in the Retail Segment. The IT SBU also drives the Company's forays in the Corporate Training, Government Schools and Colleges in the institutional segment. While the retail segment continued to remain subdued in the past year, the Company performed reasonably well in its institutional business with the Government. The international operations of the Company particularly in China, operational through a 50: 50 joint venture has performed exceedingly well in the past year with revenues of USD 5.38 Million and profits of USD 1.31 Million for the period ended December 31, 2002 and number of centers being increasing to 92. The market leadership in China was achieved with focused Career Offerings. Your Company also developed strategic alliance with Southern Cross University of Australia to achieve positioning as "Alternate to University".

**Arena Multimedia:** Arena Multimedia, leaders in multimedia training in Asia achieved a significant milestone during the year as it attained enrolment of 1 Lac students. Arena Multimedia, in a span of over 6 years, has provided the best and the largest number of multimedia specialists to the multimedia industry. In spite of the challenges faced by the IT industry, Arena has posted good growth in the last two years. Arena took several initiatives during the year in its bid to further popularize multimedia in the country. It partnered with CII (Confederation of Indian Industries) when CII declared the year 2002-03 as the Year of Multimedia. Arena Launched Special Interest Group in Multimedia Arena (**SIGMMA**) to spearhead application developments in multimedia, and design and provide directions to industries as well as realization of values for the common man. It pioneered the Customer Integrated Learning Methodology (CILM), an integrated learning model that provides a comprehensive, interactive learning methodology.

## 4. OUTLOOK

Your Company is optimistic of the recovery in the IT sector and is geared to harness any opportunities in the IT education and Multimedia space. The Company would provide renewed thrust to its retail operations and reposition itself as the "Alternate to University" education. The Company has established brand identity in the Long Term course and this is likely to get further fillip in the coming year. Your Company's alliance with Southern Cross University is performing satisfactorily in the international territories. It has also developed and

tested blended model of education delivery in the retail space and also established process for quality of content. The focus on the institutional business particularly on the Government segment would be continued in the coming year. Your Company has bagged major contracts with State Governments of Andhra Pradesh, Tamil Nadu and Maharashtra for providing computer education at schools for Government employees. The Company's forays in the ITES space continued with the launch of domain focused Courses. Arena Multimedia has ambitious growth plans on the anvil both in the domestic and international space. The prospects of Multimedia industry are further brightened with CII declaring the year 2002-03 as the Year of Multimedia.

## 5. RISKS AND CONCERNS

The past year's industry trends have clearly established the dependence of IT Education and Training industry on the prospects of global IT industry. The retail market is impacted more acutely as the level of student enrolments are directly affected owing to diminished job opportunities for skilled IT manpower. Your Company has accordingly derisked its product composition to minimize the impact of retail slowdown. The thrust of your Company on the institutional business in the domestic market comprising Government, Schools and College, its established presence in the Multimedia space as also the widespread operations across geographies ensures that business risks are minimized and contained.

## 6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The operations of your Company at centers all across the globe are supported by efficient and prudent systems put in place by the Company. The emphasis in the past year has been to make these systems more centralized for better control and monitoring as also to ensure efficiency in the delivery. The Company ensures implementation of standardized policies and procedures for smooth operation across various locations. The Central Internal Audit cell established to ensure compliance with Management Systems and procedures recommends improvements on an ongoing basis that are carefully evaluated before implementation.

## 7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

Your Company has performed reasonably well notwithstanding the challenging period that continued since past two years. However, the financial performance for the period ended December 31, 2002 being for nine months is not comparable with that of previous year ended March 31, 2002 (January 16, 2001 to March 31, 2002).

The Global Billings for nine month period ended December 31, 2002 stood at Rs. 253.52 Crore as compared to Rs. 301.44 Crore for the period ended March 31, 2002. During the year, your Company established a wholly owned subsidiary in the US. The Company's performance in China, operational through a 50:50 Joint Venture registered impressive performance for the period ended December 31, 2002 posting revenues of about USD 5.38 Million and profits of USD 1.31 Million in the second year of operation itself. The Company achieved leadership position in countries like Bangladesh, Vietnam, China, Sudan, Yemen, Nigeria, Fiji and Columbia.

The quarterwise Global Billing for the period under review has been furnished below:

<b>Rs. in Crore</b>				
<b>Particulars</b>	<b>Oct. – Dec. 2002</b>	<b>Jul. - Sep. 2002</b>	<b>Apr. - Jun. 2002</b>	<b>Total</b>
Global Billing	76.42	90.43	86.67	253.52

International Business contributed close to 46% to the total billing during the period under review. The movement in the global revenues demonstrate the seasonal nature of IT Training and Education business.

## INCOME FROM APTECH LIMITED

The Company reported Income from Operations at Rs. 114.58 Crore for the Nine Month period ended December 31st, 2002 as compared to Rs. 223.79 Crore (for the period ended March 31, 2002). The total Income stood at Rs. 115.22 Crore for the nine month period ended December 31, 2002 as against Rs. 225.55 Crore (for the period ended March 31, 2002).

The gross operational expenses for the period under review stood at Rs.98.08 Crore as against Rs. 205.91 Crore (for the period ended March 31, 2002) of the operational Expenses, the Employment expenses for the period under review stood at Rs.9.18 Crore compared to Rs. 22.80 Crore (for the period ended March 31, 2002). The Employment to Income ratio has dropped from 10.11% to 7.96% reflecting Company's successful efforts at manpower rationalization by centralizing operations. The Education and Software Expenses have shown a decline from Rs.163.61 Crore (for the period ended March 31, 2002) to Rs.78.99 Crore for the period under review. The Education and Software expenses as a percentage of total income has also dropped to 68.55% from 72.54% reflective of Automation and centralization of support functions leading in to reduction in delivery of expenses. The administration expenses as a proportion of total income have remained almost at same level at about 8.61% for the period under review from 8.64% for the period ended March 31, 2002. The Gross profit before Interest, Depreciation and Tax has been reported at Rs.17.14 Crore yielding Gross Operating Margin of 14.88 % for the period ended December 31st, 2002 as against 8.70% prior to restructuring expenses ( March 31st, 2002) . The Company attributes the significant improvement in the Gross profit margins to the salutary impact of aggressive Cost Control and optimization put in place since the past few months. The Company's efforts at enhancing productivity and quality have yielded results and are reflective in the profitability performance. The total interest expenses stood at Rs. 1.37 Crore. The interest expenses as a proportion of income has however increased from 0.92% to 1.19%. The Company has reported Profit Before Tax at Rs. 5.16 Crore and Net Profit at Rs.4.76 Crore for the period under review. The Net Profit Margin for the period ended December 31st, 2002 at 4.13% as against 0.99% for the period ended 31st March, 2003.

#### **8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED**

Your Company has always placed key management focus on development of Human Resources in the Company being the prime assets of the organization. The Objective Assessment Subjective Impression and Sharing (OASIS) practices for performance management introduced earlier have been followed and implemented during the period under review. In the period under review, Human Resources embarked on an ambitious initiative named Extended Organization Support (EOS). EOS has been conceived to share the best management practices with the business partners. The EOS initiative concentrates on the Human Capital at the Franchisee centers, being the first point of contact for our direct customer, namely the students and this experience determines the brand perception. Over the last year, the Company has also adopted net centric methods of communication with its members and this has helped your Company to operate as a cohesive unit despite such wide geographic presence.

Your Company has 446 employees as on December 31st, 2002.

**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER  
CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES**

To the Members of Aptech Limited (formerly Aptech Training Limited)

We have reviewed the relevant records of Aptech Limited (the Company) for the period ended on 31st December 2002 relating to compliance of conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of Management. Our review was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we have to state that to the best of our knowledge the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For **MAHENDRA KUMBHAT & ASSOCIATES**  
*Chartered Accountants*

**MANOJ P. SHAH**  
*Partner*

Mumbai  
14th February, 2003

Auditors' Report to the members of Aptech Limited (Formerly Aptech Training Limited)

We have audited the attached Balance Sheet of Aptech Limited (Formerly Aptech Training Limited) as at 31st December, 2002 and also the Profit and Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, (the 'Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.
- (v) On the basis of written representations received from the Directors as on 31st December, 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December, 2002 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- (vi) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the other notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 2002; and;
  - b) In the case of the Profit and Loss Account, of the profit for the period ended on that date.

For **Mahendra Kumbhat & Associates**  
Chartered Accountants

**Manoj P. Shah**  
Partner

Place : Mumbai  
Date : 14th February, 2003

## **Annexure to the Auditors' Report**

### ***(Referred to in paragraph 1 of our Report of even date)***

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The management has physically verified all the assets. We are informed that no material discrepancies have been noticed on the assets physically verified by the Company.
2. None of the fixed assets have been revalued during the year except for the assets valued and debited to Goodwill as stated in note no. 5 of Schedule 17.
3. The management during the year at reasonable intervals has physically verified the stocks. We are informed that no material discrepancies between physical stocks and the books records were noticed on such verification.
4. The procedure for physical verification of stocks followed by the management is in our opinion reasonable and adequate having regard to the size of the Company and the nature of its business.
5. In our opinion the valuation of stocks is fair and proper, and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
6. The Company has taken loans from companies, firms and other parties required to be listed in the register to be maintained under Section 301 of the Act. In our opinion the terms and conditions including the rate of interest are prima facie not prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Act, provisions of the Section 370 are not applicable to the Company on or after the commencement of the Companies (Amendment) Act, 1999.
7. The Company has granted loans to the companies, firms and other parties required to be listed in the register to be maintained under Section 301 of the Act. In our opinion, the terms and conditions including the rate are not prima facie prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Act, provisions of the Section 370 are not applicable to the Company of or after the commencement of the Companies (Amendment) Act, 1999.
8. The parties including the employees to whom the loans or advances in the nature of loans have been given are repaying the principal amounts as stipulated and interest wherever applicable.
9. In our opinion and according to the information and explanations given to us, it appears that, there are in general, adequate internal control procedures, commensurate with the size of the Company and the nature of its business, with regard to purchase of assets, equipments, stores, materials, and for sale of goods and services.
10. According to the information and explanations given to us, the Company has entered into transactions for purchase of goods and services with parties required to be listed in the register to be maintained under Section 301 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices of such services and goods or at prices at which similar services are made available by other parties.
11. The Company has made provisions for loss of unserviceable, damaged and obsolete stores and stocks.
12. The Company has not accepted any deposits during the year and hence provisions of Section 58A of the Act and the rules framed there under are not applicable.
13. In the operation of the Company no realizable by-products and/or scrap is generated.
14. Various Chartered Accountant firms carry out internal audit, and in our opinion the scope of Internal audit is commensurate with the size and nature of its business.
15. We have been informed that the Central Government has not prescribed the maintenance of Cost records under Section 209 (1) (d) of the Act.

16. During the year under review, the Company has regularly deposited Provident Fund dues and Employees' State Insurance Scheme dues.
17. According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax, wealth tax, customs duty and excise duty which remains outstanding at the year and for a period exceeding six months from the date they became payable.
18. According to the information and explanations given to us no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.
19. In our opinion, the Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.
20. All the investments are held by the Company in its own name except for the investments received on demerger, which are being transferred in the name of the Company.

For **Mahendra Kumbhat & Associates**  
Chartered Accountants

**Manoj P. Shah**  
Partner

Plac : Mumbai  
Date : 14th February, 2003

## BALANCE SHEET AS AT 31ST DECEMBER, 2002

Particulars	Schedule	As at 31st December, 2002		As at 31st March, 2002	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	"1"	181,824,370		181,824,370	
Reserves and Surplus	"2"	679,972,333		1,829,984,267	
			861,796,703		2,011,808,637
<b>LOAN FUNDS</b>					
Secured Loans	"3"	44,895,870		31,278,359	
Unsecured Loans	"4"	56,500,000		18,241,738	
			101,395,870		49,520,097
			963,192,573		2,061,328,734
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	"5"	798,001,373		1,319,114,638	
Less : Depreciation		138,265,064		149,912,594	
<b>Net Block</b>			659,736,309		1,169,202,044
<b>INVESTMENTS</b>					
<b>A) CURRENT ASSETS, LOANS AND ADVANCES</b>					
i) Inventories	"7"	24,192,007		61,380,693	
ii) Sundry Debtors		314,968,337		827,973,975	
iii) Cash and Bank Balances		43,528,411		85,771,290	
iv) Loans and Advances		67,205,155		76,786,702	
		449,893,910		1,051,912,660	
Less :					
<b>B) CURRENT LIABILITIES AND PROVISIONS</b>					
i) Current Liabilities	"8"	110,328,750		160,020,264	
ii) Provisions		50,087,345		12,418,534	
		160,416,095		172,438,798	
<b>NET CURRENT ASSETS (A-B)</b>			289,477,815		879,473,862
			963,192,573		2,061,328,734
<b>SIGNIFICANT ACCOUNTING POLICIES</b>					
<b>NOTES FORMING PART OF ACCOUNTS</b>					

Schedules 1 To 17 form an integral part of the Accounts.

This is the Balance Sheet referred to in our report of even date.

For **Mahendra Kumbhat & Associates**  
Chartered Accountants

**Atul K. Nishar**  
Chairman

**Dr. A.C. Shah**  
Director

**Manoj P. Shah**  
Partner

**H.P. Nagchowdhury**  
Director

**Pramod Kherra**  
Managing Director

Place : Mumbai  
Date : 14th February, 2003

**T.K. Ravi Shankar**  
(Vice President -  
Management Services)

**Jayant Athavale**  
(Vice President - Legal &  
Secretarial and Company Secretary)

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1ST APRIL 2002, TO 31ST DECEMBER, 2002**

Particulars	Schedule	For the period 1st April, 2002 to 31st December, 2002		For the period 16th January, 2001 to 31st March, 2002	
		Rupees	Rupees	Rupees	Rupees
<b>Global Billing - Including of Subsidiaries/Joint Ventures/ International Franchised Centres</b> (Refer Note No. 4 of Schedule 17)	"9"		<u>2,535,183,839</u>		<u>3,014,422,356</u>
<b>INCOME</b>					
Income from Operations	"10"	1,145,790,122		2,237,898,245	
Other Income	"11"	<u>6,420,204</u>		<u>17,559,303</u>	
			<b>1,152,210,326</b>		<b>2,255,457,548</b>
<b>EXPENDITURE</b>					
Training & Education Expenses	"12"	789,862,274		1,636,132,130	
Employment Expenses	"13"	91,756,046		228,004,664	
Administration and Other Expenses	"14"	99,195,008		195,007,362	
Interest and Financial Charges	"15"	13,731,240		20,803,096	
Restructuring Expenses		-		32,099,808	
Depreciation		<u>106,051,582</u>		<u>120,948,478</u>	
			<b>1,100,596,150</b>		<b>2,232,995,538</b>
<b>PROFIT FOR THE PERIOD BEFORE TAX</b>			<b>51,614,176</b>		<b>22,462,010</b>
Less : Provision for Tax					
Income Tax		4,064,620		-	
Wealth Tax		-		169,000	
Add : Excess provision for wealth tax written back		<u>38,510</u>		<u>-</u>	
			<b>4,026,110</b>		<b>169,000</b>
<b>PROFIT FOR THE PERIOD AFTER TAX</b>			<b>47,588,066</b>		<b>22,293,010</b>
Add : Balance brought forward from Previous Year			<b>59,853,992</b>		<b>(104,276,969)</b>
Add : Transferred from General Reserve			-		<b>150,000,000</b>
			<b>107,442,058</b>		<b>68,016,041</b>
Less : Appropriations					
Dividend on Preference Shares - Interim		-		7,406,578	
Corporate Tax on Dividend		-		<u>755,471</u>	
			-		<b>8,162,049</b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>			<b>107,442,058</b>		<b>59,853,992</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	"16"				
<b>NOTES FORMING PART OF ACCOUNTS</b>	"17"				

Schedules 1 To 17 form an integral part of the Accounts.

This is the Profit and Loss Account referred to in our report of even date.

For **Mahendra Kumbhat & Associates**  
Chartered Accountants

**Atul K. Nishar**  
Chairman

**Dr. A.C. Shah**  
Director

**Manoj P. Shah**  
Partner

**H.P. Nagchowdhury**  
Director

**Pramod Kherra**  
Managing Director

Place : Mumbai  
Date : 14th February, 2003

**T.K. Ravi Shankar**  
(Vice President -  
Management Services)

**Jayant Athavale**  
(Vice President - Legal &  
Secretarial and Company Secretary)

**SCHEDULES TO BALANCE SHEET**

Particulars	As at 31st December, 2002		As at 31st March, 2002	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "1" - SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
1,99,52,000 Equity Shares of Rs. 10/- each		199,520,000		199,520,000
4,800 (Nil) 9% Cumulative Redeemable Preference Shares of Rs. 100/- each		480,000		480,000
		<u>200,000,000</u>		<u>200,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL EQUITY</b>				
181,49,437 Equity Shares of Rs. 10/- each fully paid		181,494,370		181,494,370
Of the above :-				
181,47,437 Equity Shares has been allotted as fully paid up to the Shareholders of the Company in accordance with the scheme of demerger without receiving consideration in cash				
<b>WARRANTS</b>				
3,30,000 Warrants of Re. 1/- each allotted under Employees Stock Option Plan pursuant to the scheme of demerger of training division of erstwhile Aptech Limited into the Company approved by the High Court of Judicature at Bombay with effect from the appointed date i.e. 1st April, 2001		330,000		330,000
Each warrant entitles the holder to get allotted one Equity Share of Rs. 10/- each at a price of Rs. 490/- per Equity Share, together with proportionate Bonus Entitlement. The Warrants are to be exercised on specified dates in every calendar year on or before 29th December, 2009 subject to conditions specified in the Scheme.				
		<u>181,824,370</u>		<u>181,824,370</u>
<b>SCHEDULE "2" - RESERVES AND SURPLUS</b>				
<b>ESOP Capital Suspense Reserve</b>				
Balance as per last year		3,300,000		-
Add : Additions during the year under demerger scheme		-		3,300,000
		<u>3,300,000</u>		<u>3,300,000</u>
<b>Capital Reserve</b>				
Balance as per last year		846,070,590		-
Additions during the year under demerger scheme (Net of additions of Rs. 2,511,360,936/- and goodwill written off Rs. 1,665,290,346/-)		-		846,070,590
Less : Transferred to goodwill (Refer Note No. 5 of Schedule No. 17)		<u>846,070,590</u>		-
		-		<u>846,070,590</u>
<b>Capital Redemption Reserve</b>				
Balance as per last year		88,480,000		-
Add : Transferred from General Reserve		-		88,480,000
		<u>88,480,000</u>		<u>88,480,000</u>
<b>General Reserve</b>				
Balance as per last year		482,279,685		-
Additions during the year under demerger scheme		-		1,070,759,685
Less : Transferred to Profit and Loss Account		-		150,000,000
Less : Transferred to Contingency Reserve		-		350,000,000
Less : Transferred to Capital Redemption Reserve		-		88,480,000
Less : Transferred to Goodwill (Refer Note No. 5 of Schedule No. 17)		<u>201,529,410</u>		-
		280,750,275		<u>482,279,685</u>
<b>Contingency Reserve</b>				
Balance as per last year		350,000,000		-
Add : Transferred from General Reserve		-		350,000,000
Less : Transferred to Goodwill (Refer Note No. 5 of Schedule No. 17)		<u>150,000,000</u>		-
		200,000,000		<u>350,000,000</u>
<b>Profit and Loss Account</b>				
As per annexed account		107,442,058		59,853,992
		<u>679,972,333</u>		<u>1,829,984,267</u>

**SCHEDULES TO BALANCE SHEET**

Particulars	As at 31st December, 2002 Rupees		As at 31st March, 2002 Rupees	
<b>SCHEDULE "3" - SECURED LOANS</b>				
(Secured against hypothecation of book debts and inventory, pending documentation)				
From Bank				
– Cash Credit		4,895,870		7,278,359
– Working Capital Demand Loan		40,000,000		24,000,000
		<u>44,895,870</u>		<u>31,278,359</u>
<b>SCHEDULE "4" - UNSECURED LOANS</b>				
Loan from Bodies Corporate		56,500,000		18,241,738
		<u>56,500,000</u>		<u>18,241,738</u>

**SCHEDULE "5" - FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-2002	Additions during the period **	Reductions during The period **	As at 31-12-2002	Up to 31-03-2002	Provided during the period **	Reductions during the period **	Up to 31-12-2002	As at 31-12-2002	As at 31-03-2002
Land Freehold	175,823	10,000	–	185,823	–	–	–	–	185,823	175,823
Buildings *	97,274,384	662,012	–	97,936,396	1,586,037	1,190,078	–	2,776,115	95,160,281	95,688,347
Plant and Machinery @	1,117,690,307	58,020,619	501,560,339	674,150,587	142,177,660	100,643,521	110,305,868	132,515,313	541,635,274	975,512,647
Furniture and Fixtures @	84,441,560	1,813,211	78,190,677	8,064,094	4,805,202	2,957,925	7,165,765	597,362	7,466,732	79,636,358
Vehicles	19,532,564	38,007	1,906,098	17,664,473	1,343,695	1,260,058	227,479	2,376,274	15,288,199	18,188,869
Goodwill @	–	1,197,600,000	1,197,600,000	–	–	–	–	–	–	–
<b>Total - Current Period (Rupees)</b>	<b>1,319,114,638</b>	<b>1,258,143,849</b>	<b>1,779,257,114</b>	<b>798,001,373</b>	<b>149,912,594</b>	<b>106,051,582</b>	<b>117,699,112</b>	<b>138,265,064</b>	<b>659,736,309</b>	<b>1,169,202,044</b>
<b>Total - Previous Year (Rupees)</b>	<b>77,973,323</b>	<b>3,818,460,498</b>	<b>2,577,319,183</b>	<b>1,319,114,638</b>	<b>30,302,847</b>	<b>120,948,478</b>	<b>1,338,731</b>	<b>149,912,594</b>	<b>1,169,202,044</b>	<b>47,670,476</b>

\* Buildings include value of properties in co-operative societies including shares of respective societies.

@ Refer Note No. 5 of Schedule 17.

\*\* Includes Rs. 44,76,26,715/- on account of technological obsolescence/diminution in value transferred to Goodwill.

**SCHEDULES TO BALANCE SHEET**

Particulars	As at 31st December, 2002 Rupees		As at 31st March, 2002 Rupees	
<b>SCHEDULE "6" - INVESTMENTS (AT COST)</b>				
<b>Trade Investments - Unquoted</b>				
<b>Investment in Subsidiaries</b>				
1,60,000 Shares of 10 Bangladeshi Takkas each fully paid up in Aptech (W.O.S.) Bangladesh Ltd., Bangladesh Aptech Training Limited F.Z.E. Stock Equivalent to 1,00,000 Dhms.		1,409,334		1,409,334
		1,325,621		–
<b>Investment - Others</b>				
50% Share in Beijing Aptech Beida Jade Information Technology Company Limited - China A Joint Venture with Macology Technology Trade Company		11,243,494		11,243,494
		<u>13,978,449</u>		<u>12,652,828</u>
<b>SCHEDULE "7" - CURRENT ASSETS</b>				
<b>Inventory of Educational Materials (Lower of Cost or net realisable value)</b> (As Valued and certified by the Managing Director) (Net of Rs. 5,24,98,650/- transferred to goodwill) (Refer Note No. 5 of Schedule 17)		24,192,007		61,380,693
<b>Sundry Debtors (Unsecured - Considered Good)</b>				
Due over Six Months	154,077,327		226,585,762	
Others	160,891,010		601,388,213	
Net of Security Deposits of Rs. 4,74,38,153/- (Previous Year Rs. 4,95,77,934/-) (Net of Rs. 69,74,74,635/- transferred to goodwill) (Refer Note No. 5 of Schedule 17)		314,968,337		827,973,975
<b>Cash and Bank Balances</b>				
Cash in Hand	447,993		440,951	
Balances With Scheduled Banks (Including cheques in hand and remittance in transit)				
– In Fixed Deposit Accounts	7,747,275		8,570,200	
– In Exchange Earner's Foreign Currency Account	5,416,398		4,997,013	
– In Current Accounts	29,916,745		71,763,126	
		43,528,411		85,771,290
<b>Loans and Advances (Unsecured - Considered Good)</b>				
Loan to Subsidiary Companies	1,852,548		0	
Loan to Others	9,412,760		10,885,010	
Advances recoverable in cash or in kind or for Value to be received.	5,331,524		14,564,352	
Security Deposits	36,500,055		45,116,365	
Income Tax	14,108,268		6,220,975	
		67,205,155		76,786,702
		<u>449,893,910</u>		<u>1,051,912,660</u>
<b>SCHEDULE "8" - CURRENT LIABILITIES AND PROVISIONS</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors	102,116,063		153,132,927	
Other Liabilities	8,212,687		6,887,337	
		110,328,750		160,020,264
<b>PROVISIONS</b>				
Provision for Expenses	46,022,725		12,249,534	
Provision for Income Tax	4,064,620		–	
Provision for Wealth Tax	–		169,000	
		50,087,345		12,418,534
		<u>160,416,095</u>		<u>172,438,798</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

Particulars	For the period 1st April, 2002 to 31st December, 2002		For the period 16th January, 2001 to 31st March, 2002	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "9" - GLOBAL BILLING - INCLUDING OF SUBSIDIARIES/JOINT VENTURES/ INTERNATIONAL FRANCHISED CENTRES</b> (Refer Note No. 4 of Schedule 17)				
Training and Education	2,528,763,635		2,985,537,063	
Software and Consulting	-		11,325,990	
Other Income	6,420,204		17,559,303	
	<u>2,535,183,839</u>		<u>3,014,422,356</u>	
<b>SCHEDULE "10" - INCOME FROM OPERATIONS</b>				
Training and Education	1,145,790,122		2,226,572,255	
Software and Consulting	-		11,325,990	
	<u>1,145,790,122</u>		<u>2,237,898,245</u>	
<b>SCHEDULE "11" - OTHER INCOME</b>				
Dividend from Subsidiary	2,400,000		955,754	
Gain on Exchange Fluctuations	516,727		464,080	
Interest Income	220,835		12,172,600	
(TDS Rs. 39,306/- (Previous Year - Rs. 2,64,394/-)				
Profit on Sale of Assets	83,526		135,679	
Profit on Sale of Shares	-		149,057	
Sale of Prospectus/Certificate Charges	990,081		-	
Miscellaneous Income	2,209,035		3,682,133	
	<u>6,420,204</u>		<u>17,559,303</u>	
<b>SCHEDULE "12" - EDUCATION AND SOFTWARE EXPENSES</b>				
Educational, Training and Other Materials	61,006,976		78,009,411	
Centre Operation Expenses	669,188,076		1,362,238,332	
Software and Consulting Expenses	7,520,589		10,075,166	
Advertisement and Publicity	17,143,371		102,763,758	
Seminar and Conference Expenses	5,413,086		19,864,889	
Centre Security and Service Charges	7,188,044		18,051,909	
Furniture and Equipment Hire Charges	3,676,176		5,536,446	
Professional and Internal Audit Fees	16,744,951		36,261,823	
Miscellaneous Training and Other Expenses	1,981,005		3,330,396	
	<u>789,862,274</u>		<u>1,636,132,130</u>	
<b>SCHEDULE "13" - EMPLOYMENT EXPENSES</b>				
Salary and Other Allowances	77,240,507		186,980,869	
Contribution to Provident Fund and Other Funds	11,034,022		29,707,452	
Welfare Expenses	3,481,517		11,316,343	
	<u>91,756,046</u>		<u>228,004,664</u>	

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

Particulars	For the period 1st April, 2002 to 31st December, 2002		For the period 16th January, 2001 to 31st March, 2002	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "14" - ADMINISTRATIVE AND OTHER EXPENSES</b>				
Rent		18,588,698		44,519,623
Rates & Taxes		1,963,761		3,422,494
Travelling and Conveyance Expenses		29,541,566		55,247,306
Electricity Charges		6,531,772		15,821,625
Communication Expenses		14,125,743		27,896,968
Repairs and Maintenance				
– Buildings	44,069		1,027,328	
– Plant & Machinery	1,643,727		3,144,324	
– Others	3,195,604		9,366,102	
		4,883,400		13,537,754
Printing and Stationery		6,071,644		14,666,191
Auditors' Remuneration				
– Audit Fees	600,000		600,000	
– Tax Audit Fees	200,000		200,000	
– Other Services	25,000		–	
– Out of Pocket Expenses	104,858		110,623	
		929,858		910,623
Directors' Sitting Fees		350,000		84,000
Stamp Duty and Filing Fees		90,513		4,052,038
Registrar and Share Transfer Expenses		536,118		592,469
Insurance Premium		1,784,100		2,083,631
Loss on Sale of Assets		11,235,034		1,277,766
Staff Recruitment Expenses		124,539		1,700,768
Membership and Subscription		629,253		2,326,548
Foreign Withholding Taxes		–		2,686,345
Miscellaneous Expenses		1,809,009		4,181,213
		99,195,008		195,007,362
<b>SCHEDULE "15" - INTEREST AND FINANCE CHARGES</b>				
Interest on Working Capital Demand Loan		4,120,986		563,069
Interest on Cash Credit		595,660		104,642
Interest on Letter of Credit		1,783,328		15,768,568
Interest on Intercompany/Security Deposits		3,985,542		171,321
Bank Charges		2,782,067		4,149,268
Commitment and Processing Fees		463,657		46,228
		13,731,240		20,803,096

## SCHEDULE "16" - SIGNIFICANT ACCOUNTING POLICIES

### 1. Accounting Convention and Concepts :

The Company follows the Historical Cost Convention and the Mercantile System of Accounting where the income and expenditure are recognized on accrual basis.

### 2. Revenue Recognition :

- a) Revenues from Education and Training are recognized on substantial performance of the contracts having regards to the costs incurred on the commencement of the relevant courses, with adequate provisions for estimated future variable cost.
- b) Dividend income is recognized on right to receive basis.

### 3. Fixed Assets :

Fixed assets are valued at cost less accumulated depreciation. Cost includes all expenses incurred for acquisition of assets.

### 4. Depreciation :

Depreciation is charged on a pro-rata basis on a Straight-Line Method as per the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956, as amended.

### 5. Investments :

Investments are stated at cost of acquisition. All the investments are held as long-term investments and provision is made for permanent diminution in the value of investment.

### 6. Inventories :

Inventory of educational and other material is valued at cost or market price whichever is lower.

### 7. Foreign Currency Transactions :

- i) Value of Fixed Assets is converted at the rate prevailing on the date of remittance / acquisition.
- ii) Monetary items denominated in foreign currency at the year-end are translated at the year-end rates. Gain/loss on conversion is charged to Profit and Loss Account.
- iii) Investment in the Overseas Subsidiary companies / Joint Ventures is accounted at the rate prevailing on the date of remittance / acquisition.
- iv) Transactions done during the year are converted at the rate prevailing at the date of transaction.
- v) Conversion of Transactions of Foreign Branch :
  - a) Conversion of Foreign Currency Transaction of the branch office of the Company on revenue accounts excluding depreciation on Fixed Assets of Overseas branch are incorporated in the Company's account at average rate during the year.
  - b) Fixed Assets and depreciation thereon are translated in case of specific remittance at the rate of exchange prevailing on the day of remittance and in case of no specific remittance at the rate prevailing on the day of acquisition of the assets.
  - c) Current Assets and Liabilities are translated at the rate prevailing on the last working day of the year.
  - d) Balances appearing in foreign currency in branch books of Head Office Account are translated at corresponding Rupee balance appearing in the Head Office Books.

### 8. Retirement Benefits :

The provision for retirement benefits such as Provident Fund, Gratuity and Superannuation is made for employees from the date of their respective appointment.

- i) Company's contribution to Provident Fund, Superannuation Fund and other fund is charged to Profit and Loss Account.
- ii) The amount of Gratuity liability ascertained on the basis of actuarial valuation is paid and charged to Profit and Loss Account.
- iii) Provision is made towards liability for leave encashment.

### 9. Research and Development :

Revenue expenditure on research and development is charged to Profit and Loss Account in the year in which it is incurred. Capital expenditure on research and development is included in fixed assets and depreciation is charged at applicable rates on such assets.

### 10. Borrowing Cost :

Borrowing cost attributable to the acquisition of a Fixed Asset is capitalized as part of the cost of that Fixed Asset till the date it is put to use. Other Borrowing Cost is recognized as expenditure in the period in which they are accrued.

## SCHEDULE "17" - NOTES FORMING PART OF THE ACCOUNTS

1. The current accounts, are from 1st April, 2002 and ending on 31st December, 2002. The figure for the current financial year is for 9 months and hence they are not comparable with that of the previous year.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. Nil (Previous year Rs. Nil).
3. Contingent Liabilities in respect of:
  - a. Claims not acknowledged as debts amounts to Rs. 6,16,93,633/- (Previous year Rs. 1,70,07,369/-)
  - b. Counter Guarantees to the extent of Rs. 4,38,66,650/- (Previous year Rs. 93,59,250/-) given to bankers, who have in turn furnished performance guarantees for the execution of Government projects by the Company.
4. Keeping in view the global business of providing IT Training and Education, the Company has set up subsidiaries/ joint ventures and Franchisee Centers (Business Partners) across the globe whose billing as certified by the respective management of the business partners (net of inter company revenue) has been included for information in the Profit and Loss Account.
5. The Board of Directors vide resolution passed on 24th December, 2002 decided to create a Goodwill Account, as a result of the following:
  - i) Plant and Machinery items comprising computer hardware, software and courseware, became outdated owing to technological obsolescence, whose value aggregated to Rs. 38,15,05,862/-.
  - ii) Inventory in the form of study material to the extent of Rs. 5,24,98,650/- was rendered unusable.
  - iii) The Company franchised/closed a number of Educational centers as a result of which, the student receivables in respect of these centers, became non realizable. In addition, certain debts due from Business Partners, who were no longer continuing operations were not likely to be recovered. The amount unrecoverable aggregates to Rs. 69,74,74,635/-.
  - iv) Items of Furniture & Fixtures aggregating to Rs. 6,61,20,853/- was rendered unusable.

As a result of the above, the Goodwill created aggregating to Rs. 1,19,76,00,000/- was adjusted against the Capital Reserves, General Reserve and Contingency Reserve.

The Company has been advised that the aforesaid accounting treatment is in accordance with the relevant provisions of the Composite Scheme of Arrangement and Reconstruction and generally accepted accounting principles.

### 6. Related Party Disclosures

Sr. No.	Name of the Company	Country	Relation	Interest
1.	Aptech Training Limited FZE Dubai	UAE	Subsidiary	100%
2.	Aptech Worldwide Bangladesh Limited	Bangladesh	Subsidiary	100%
3.	Aptech Beida Jade Information Technology Company Limited	China	Joint Venture	50%
4.	Atul K. Nishar	India	Chairman	
5.	Dr. A.C. Shah	India	Director	
6.	Pramod Khera	India	Managing Director	
7.	H.P. Nagchoudhary	India	Director	
8.	V. Balasubramanian	India	Executive Director	
9.	Dr. (Mrs.) Snehalata Deshmukh	India	Director	

The Aptech Limited has raised invoice of Rs. 2,27,67,598/- towards consultancy services to Aptech Beida Jade Information Technology Company Limited.

The Aptech Limited has paid remuneration to Managing/Executive Director of Rs. 30,89,234/- and also paid Directors sitting fees of Rs. 3,50,000/-

## NOTES FORMING PART OF THE ACCOUNTS

### 7. Earning Per Share

No. of shares outstanding at the year end	1,81,49,437
Profit after tax Rs.	4,75,88,066
Weighted average number of equity shares	1,84,79,437
Basic EPS Rs.	2.62
Diluted EPS Rs.	2.57

### 8. Segmentwise Revenue

Particulars	IT Education	Multimedia	Total
<b>Segment revenue</b>			
Income from segment	92,70,47,139	22,48,61,292	1,15,19,08,431
<b>Segment results</b>			
Profit before tax and interest from each segment	14,76,03,536	89,72,936	15,65,76,472
Less: Interest			1,37,31,240
Less: Other unallocable expenses			9,15,32,951
Add : Other unallocable income			3,01,895
Total profit before tax			5,16,14,176

#### Note :

Fixed Assets are not identified segmentwise, as these are used interchangeably between segments. The management believes that meaningful segregation of Assets and Liabilities on segment basis is currently not practicable.

9. Consequent to the standard on accounting for taxes on income becoming mandatory and applicable to the Company effective 1st April, 2002, the Company has deferred taxation credit of Rs. 20,44,34,843/- on account of carried forward business loss, unabsorbed depreciation as per taxation laws and current differential depreciation amount as at 31st December, 2002.

The management does not expect the utilization of this credit in the immediate future and therefore as a measure of prudence the credit has not been recognized in the accounts for the current period.

10. a) Remuneration to Managing / Executive Director:

	Current Period (Rupees) 01.04.2002 to 31.12.2002	Previous Year (Rupees) 16.01.2001 to 31.03.2002
Salaries and Allowances	24,59,107	33,05,724
Contribution to Provident and other funds	4,36,663	4,44,366
Perquisites (valued as per Income Tax Rules)	1,93,464	2,57,500
<b>TOTAL</b>	<b>30,89,234</b>	<b>40,07,590</b>

- b) Since no commission is paid/payable to any Director, the computation of profits under Section 349 of the Companies Act, 1956 has not been made.
11. Provision for tax is made on yearly basis under the Tax Payable method, based on the Tax Liability as computed after taking credit for allowance and exemptions.
12. Additional information pursuant to the provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

## NOTES FORMING PART OF THE ACCOUNTS

i) Quantitative details of :

Education, Training and Other Material:

	<b>Current Period</b> 01.04.2002 to 31.12.2002	<b>Previous Year</b> 16.01.2001 to 31.03.2002
1. Sales		
Quantity (Nos.)*	16,35,176	36,69,540
Value (Rupees)	6,30,18,435	8,10,81,861
2. Purchase/Transfer on demerger		
Quantity (Nos.)	10,71,398	51,36,609
Value (Rupees)	2,02,83,499	13,93,90,104
3. Closing Stock		
Quantity (Nos.)	9,03,291	14,67,069
Value (Rupees)	2,41,92,007	6,13,80,693

\* Including consumption at owned centers.

ii) CIF Value of Imports :

	<b>Current Period</b> 01.04.2002 to 31.12.2002	<b>Previous Year</b> 16.01.2001 to 31.03.2002
Software	N.A.	44,06,863

iii) Expenditure in Foreign Currency :

	<b>Current Period</b> 01.04.2002 to 31.12.2002	<b>Previous Year</b> 16.01.2001 to 31.03.2002
a) Foreign Travelling Expenses	47,82,629	54,80,582
b) Membership & Subscription	34,933	71,650
c) Business Promotion, Seminar and Conference Expenses	1,83,878	7,26,511
d) Advertisement	1,29,682	5,94,534
e) Software & Allied Services	1,26,51,569	1,53,05,100
f) Miscellaneous	4439	1,27,52,100
g) Advance to Subsidiary (ATL FZE )	17,72,032	-
h) Expenditure incurred at Foreign Branch		
i) Foreign Travelling Expenses	N.A.	1,83,205
ii) Software & Allied Services	N.A.	23,73,462
iii) Miscellaneous	N.A.	26,88,683

iv) Earnings in Foreign Currency :

	<b>Current Period</b> 01.04.2002 to 31.12.2002	<b>Previous Year</b> 16.01.2001 to 31.03.2002
i) F.O.B. value of Education and other material	37,98,264	1,70,86,486
ii) Royalty	3,40,98,035	3,38,78,378
iii) Technical Know-how	82,82,843	4,40,25,149
iv) Special Project	6,04,963	-
v) Dividend	11,92,411	-
vi) Other	4,44,96,448	-

13. Training and Education revenue includes income received by Company at the franchised centers. The amount paid to such franchisees for operating such centers, have been included under center operation expenses.

14. Sundry Debit/Credit balances are subject to confirmation, which are awaited.

15. a) Figures for the previous year have been regrouped/rearranged wherever necessary, and not strictly comparable with the figures for the previous period as the accounts for the current year is compiled for the period from 1st April 2002 to 31st December, 2002.

b) Figures in bracket represent previous year's figures.

For **Mahendra Kumbhat & Associates**  
Chartered Accountants

**Manoj P. Shah**  
Partner

Place : Mumbai  
Date : 14th February, 2003

**Atul K. Nishar**  
Chairman

**H.P. Nagchowdhury**  
Director

**T.K. Ravi Shankar**  
(Vice President -  
Management Services)

**Dr. A.C. Shah**  
Director

**Pramod Kherra**  
Managing Director

**Jayant Athavale**  
(Vice President - Legal &  
Secretarial and Company Secretary)

**CASH FLOW STATEMENT FOR THE PERIOD 01.04.2002 to 31.12.2002**

<b>For the period 1st April, 2002 to 31st December, 2002</b>	
<b>( A ) CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit Before Tax and Extraordinary items	51,614,176
Adjustments	
– Depreciation	106,051,582
– Interest Expenses	13,731,240
– Interest & Exchange Difference Income	(737,562)
– Dividend received	(2,400,000)
– Loss on sale of assets/investments (Net)	11,151,508
	<u>127,796,768</u>
(Increase)/Decrease in Current Assets	
– Inventory	(15,309,964)
– Sundry Debtors	(184,468,997)
– Loans & Advances	17,468,840
	<u>(182,310,121)</u>
Increase / (Decrease) In Current Liabilities	
– Liabilities	(15,918,324)
– Secured Overdraft from Bank	13,617,511
	<u>(184,610,935)</u>
<b>NET CASH FROM OPERATIONS</b>	<b>(5,199,991)</b>
Less :-	
Interest paid	13,731,240
Interest & Exchange Difference received	(737,562)
Direct tax paid	8,017,783
	<u>21,011,461</u>
	<u>(26,211,452)</u>
<b>(B) CASH FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(60,543,849)
Sales/Write off of Fixed Assets	5,179,781
Purchase of Investments (net)	(1,325,621)
Dividend Received	2,400,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(54,289,689)</b>

**(C) CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from issue of share capital	—	
Proceeds from long term borrowings	40,000,000	
Repayment of long term borrowings	(1,741,738)	
Dividend paid	—	
		<u>38,258,262</u>
		<u>(42,242,879)</u>
<b>Cash and Cash Equivalents as on 31st March, 2002</b>	85,771,290	
<b>Cash and Cash Equivalents as on 31st December, 2002</b>	43,528,411	
		<u>(42,242,879)</u>

Note : Since this is the first year of presenting Cash Flow Statement, previous year figures are not given.

**Atul K. Nishar**  
*Chairman*

**Dr. A.C. Shah**  
*Director*

**H.P. Nagchowdhury**  
*Director*

**Pramod Khera**  
*Managing Director*

**T.K. Ravi Shankar**  
*(Vice President -  
Management Services)*

**Jayant Athavale**  
*(Vice President - Legal &  
Secretarial and Company Secretary)*

Place : Mumbai

Date : 14th February, 2003

**AUDITORS' CERTIFICATE**

We have examined the above Cash Flow Statement of Aptech Limited (Formerly Aptech Training Limited) derived from Audited Annual Financial Statements for the period ended 31st December, 2002. This statement has been prepared by the Company in accordance with the requirements of Clause 32 of Listing Agreement with the Stock Exchange.

**For Mahendra Kumbhat & Associates**  
*Chartered Accountants*

**Manoj P. Shah**  
*Partner*

Place : Mumbai

Date : 14th February, 2003

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No. 

1	1	/	1	2	3	8	4	1
---	---	---	---	---	---	---	---	---

State Code 

1	1
---	---

 (Refer Code List 1)

Balance Sheet Date 

3	1
---	---

 / 

1	2
---	---

 / 

2	0	0	2
---	---	---	---

Date      Month      Year

### II. Capital Raised during the year at Face Value (Amount in Rs. Thousands)

Public Issue  

			N	I	L			
--	--	--	---	---	---	--	--	--

Rights Issue  

			N	I	L			
--	--	--	---	---	---	--	--	--

Bonus Issue  

			N	I	L			
--	--	--	---	---	---	--	--	--

Private Placement  

			N	I	L			
--	--	--	---	---	---	--	--	--

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities  

			9	6	3	1	9	2
--	--	--	---	---	---	---	---	---

Total Assets  

			9	6	3	1	9	2
--	--	--	---	---	---	---	---	---

Sources of Funds      Paid-up Capital  

			1	8	1	8	2	4
--	--	--	---	---	---	---	---	---

Reserves & Surplus  

			6	7	9	9	7	2
--	--	--	---	---	---	---	---	---

Secured Loans  

			4	4	8	9	6
--	--	--	---	---	---	---	---

Unsecured Loans  

			5	6	5	0	0
--	--	--	---	---	---	---	---

Application of Funds      Net Fixed Assets  

			6	5	9	7	3	6
--	--	--	---	---	---	---	---	---

Investments  

			1	3	9	7	8
--	--	--	---	---	---	---	---

Net Current Assets  

			2	8	9	4	7	8
--	--	--	---	---	---	---	---	---

Misc. Expenditure  

			N	I	L			
--	--	--	---	---	---	--	--	--

Accumulated Losses  

			N	I	L			
--	--	--	---	---	---	--	--	--

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover  

			1	1	5	2	2	1	0
--	--	--	---	---	---	---	---	---	---

Total Expenditure  

			1	1	0	0	5	9	6
--	--	--	---	---	---	---	---	---	---

+ - Profit/Loss Before Tax  

+				5	1	6	1	4
---	--	--	--	---	---	---	---	---

+ - Profit/Loss After Tax  

+				4	7	5	8	8
---	--	--	--	---	---	---	---	---

(Please tick Appropriate box + for Profit, - for Loss)

Earnings per share in Rs.  

			2	.	6	2
--	--	--	---	---	---	---

Dividend  

			N	I	L			
--	--	--	---	---	---	--	--	--

### V. Generic Names of Three Principal Products/Services of Company

Item Code No. \* (ITC Code) 

			N	I	L			
--	--	--	---	---	---	--	--	--

Product Description 

C	O	M	P	U	T	E	R		E	D	U	C	A	T	I	O	N			
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	--	--	--

Item Code No. \* (ITC Code) 

			N	I	L			
--	--	--	---	---	---	--	--	--

Product Description 

M	U	L	T	I		M	E	D	I	A		E	D	U	C	A	T	I	O	N
---	---	---	---	---	--	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---

Item Code No. \* (ITC Code) 

			N	I	L			
--	--	--	---	---	---	--	--	--

Product Description 

E		L	E	A	R	N	I	N	G		&		C	O	N	T	E	N	T
---	--	---	---	---	---	---	---	---	---	--	---	--	---	---	---	---	---	---	---

C	O	N	V	E	R	S	I	O	N
---	---	---	---	---	---	---	---	---	---

\* Code No. for the services rendered by the Company is not available in the Publication of the Indian Trade classification for ITC Code of Products by Ministry of Commerce, Directorate General of Commercial Intelligence & Statistics, Kolkata - 700 001.

## AUDITORS' REPORT

### Auditors' Report on the Consolidated Financial Statements of Aptech Limited and its Subsidiaries

1. We have examined the attached Consolidated Balance Sheet of Aptech Limited and its subsidiaries ('the Group') as at 31st December, 2002 and the Consolidated Profit and Loss Account of the Group and the Consolidated Cash Flow Statement for the period ended on that date annexed thereto.
2. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Aptech (WOS) Bangladesh Ltd., whose financial statements reflect total assets of Rs. 1,62,05,370/- as at 30th September, 2002 and total revenues of Rs. 1,89,26,277/- for the period then ended. Another auditor whose reports have been furnished to us has audited these financial statements, and our opinion, in so far as it relates to the amounts included in respect of the said subsidiary, is based solely on the report of the other auditor.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid subsidiaries, we are of the opinion that :
  - a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of the Group as at December 31, 2002 and
  - b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operation of the Group for the period ended on that date.

For **Mahendra Kumbhat & Associates**  
*Chartered Accountants*

**Manoj P. Shah**  
*Partner*

Place : Mumbai  
Date : 14th February, 2003

## CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2002

Particulars	Schedule	As at 31st December, 2002	
		Rupees	Rupees
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	"1"	181,824,370	
Reserves and Surplus	"2"	680,145,300	
			861,969,670
<b>LOAN FUNDS</b>			
Secured Loans	"3"	44,895,870	
Unsecured Loans	"4"	56,500,000	
			101,395,870
			<b>963,365,540</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	"5"	801,972,873	
Less : Depreciation		139,536,175	
<b>Net Block</b>			662,436,698
<b>INVESTMENTS</b>			
<b>A) CURRENT ASSETS, LOANS AND ADVANCES</b>			
	"7"		
i) Inventories		24,192,007	
ii) Sundry Debtors		324,903,573	
iii) Cash and Bank Balances		48,163,726	
iv) Loans and Advances		66,678,541	
		463,937,847	
Less :			
<b>B) CURRENT LIABILITIES AND PROVISIONS</b>			
	"8"		
i) Current Liabilities		123,280,579	
ii) Provisions		51,111,944	
		174,392,523	
<b>NET CURRENT ASSETS (A-B)</b>			289,545,324
<b>CURRENCY TRANSLATION RESERVE</b>			140,024
			<b>963,365,540</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS</b>			
	"15"		

Schedules 1 to 15 form an integral part of the Accounts.

This is the Balance Sheet referred to in our report of even date.

For **Mahendra Kumbhat & Associates**  
Chartered Accountants

**Atul K. Nishar**  
Chairman

**Dr. A.C. Shah**  
Director

**Manoj P. Shah**  
Partner

**H.P. Nagchowdhury**  
Director

**Pramod Kherra**  
Managing Director

Place : Mumbai  
Date : 14th February, 2003

**T.K. Ravi Shankar**  
(Vice President -  
Management Services)

**Jayant Athavale**  
(Vice President - Legal &  
Secretarial and Company Secretary)

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1ST APRIL, 2002 TO 31ST DECEMBER, 2002**

Particulars	Schedule	For the Period 1st April, 2002 to 31st December, 2002	
		Rupees	Rupees
<b>INCOME</b>			
Income from Operations	"9"	1,166,216,546	
Other Income	"10"	6,842,014	
			1,173,058,560
<b>EXPENDITURE</b>			
Training & Education Expenses	"11"	800,449,511	
Employment Expenses	"12"	97,360,550	
Administration and Other Expenses	"13"	102,804,517	
Interest and Financial Charges	"14"	13,751,490	
Depreciation		106,519,729	
			1,120,885,797
<b>PROFIT FOR THE PERIOD BEFORE TAX</b>			
Less : Provision For Tax			52,172,763
- Income Tax		4,590,320	
Add : Excess Provision for Wealth Tax Written Back		38,510	
			4,551,810
<b>PROFIT FOR THE PERIOD AFTER TAX</b>			
			47,620,953
Add : Balance brought forward from Previous Year			59,994,072
<b>BALANCE CARRIED TO BALANCE SHEET</b>			
			<b>107,615,025</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS</b>			
	"15"		

Schedules 1 to 15 form an integral part of the Accounts.

This is the Profit and Loss Account referred to in our report of even date.

For **Mahendra Kumbhat & Associates**  
Chartered Accountants

**Atul K. Nishar**  
Chairman

**Dr. A.C. Shah**  
Director

**Manoj P. Shah**  
Partner

**H.P. Nagchowdhury**  
Director

**Pramod Kherra**  
Managing Director

Place : Mumbai  
Date : 14th February, 2003

**T.K. Ravi Shankar**  
(Vice President -  
Management Services)

**Jayant Athavale**  
(Vice President - Legal &  
Secretarial and Company Secretary)

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

Particulars	As at	
	31st December, 2002 Rupees	31st December, 2002 Rupees
<b>SCHEDULE "1" - SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,99,52,000 Equity Shares of Rs. 10/- each		199,520,000
4,800 9% Cumulative Redeemable Preference Shares of Rs. 100/- each		480,000
		<b>200,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
<b>EQUITY</b>		
181,49,437 Equity Shares of Rs. 10/- each fully paid		181,494,370
Of the above :		
181,47,437 Equity Shares has been allotted as fully paid up to the Shareholders of Aptech Limited in accordance with the Scheme of Demerger without receiving consideration in cash		
<b>WARRANTS</b>		
3,30,000 Warrants of Re. 1/- each allotted under Employees Stock Option Plan pursuant to the Scheme of Demerger of Training Division of erstwhile Aptech Limited into the Company approved by the High Court of Judicature at Bombay with effect from the appointed Date i.e. 1st April, 2001		330,000
Each warrants entitles the holder to get allotted one equity share of Rs.10/- each at a price of Rs. 490/- per equity share, together with proportionate Bonus Entitlement. The Warrants are to be exercised on specified dates in every calendar year on or before 29th December, 2009 subject to conditions specified in the scheme.		
		<b>181,824,370</b>
<b>SCHEDULE "2" - RESERVES AND SURPLUS</b>		
<b>ESOP Capital Suspense Reserve</b>		
Balance as per Last Year		3,300,000
<b>Capital Reserve</b>		
Balance as per Last Year	846,070,590	
Less : Transferred to Goodwill (Refer Note No. V (4) of Schedule No. 15)	846,070,590	
		-
<b>Capital Redemption Reserve</b>		
Balance as per Last Year		88,480,000
<b>General Reserve</b>		
Balance as per Last Year	482,279,685	
Less : Transferred to Goodwill (Refer Note No. V (4) of Schedule No. 15)	201,529,410	
		280,750,275
<b>Contingency Reserve</b>		
Balance as per Last Year	350,000,000	
Less : Transferred to Goodwill (Refer Note No. V (4) of Schedule No. 15)	150,000,000	
		200,000,000
<b>Profit and Loss Account</b>		
As per Annexed Account		107,615,025
		<b>680,145,300</b>
<b>SCHEDULE "3" - SECURED LOANS</b>		
(Secured against hypothecation of book debts and inventory, Pending Documentation)		
From Bank		
- Cash Credit		4,895,870
- Working Capital Demand Loan		40,000,000
		<b>44,895,870</b>

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

Particulars	As at 31st December, 2002	
	Rupees	Rupees
<b>SCHEDULE "4" - UNSECURED LOANS</b>		
Loan from Bodies Corporate		56,500,000
		<u>56,500,000</u>
<b>SCHEDULE "5" - FIXED ASSETS</b>		
Gross Fixed Assets		
– Land Freehold	185,823	
– Buildings	97,936,396	
– Plant & Machinery	676,729,186	
– Furniture & Fixtures	9,456,996	
– Vehicles	17,664,473	
	<u>801,972,874</u>	
Less : Accumulated Depreciation	139,536,175	
Net Fixed Assets		<u>662,436,699</u>
<b>SCHEDULE "6" - INVESTMENTS (AT COST)</b>		
<b>Investment in Others</b>		
50% Share in Beijing Aptech Beida Jade Information Technology Company Limited - China A Joint Venture with Macology Technology Trade Company		11,243,494
		<u>11,243,494</u>
<b>SCHEDULE "7" - CURRENT ASSETS</b>		
Inventory of Educational Materials (Lower of Cost or net realisable value) (as valued and certified by the Managing Director) (Net of Rs. 5,24,98,650/- transferred to goodwill) (Refer Note No. V (4) of Schedule No. 15)		24,192,007
<b>SUNDRY DEBTORS (UNSECURED - CONSIDERED GOOD)</b>		
Due over six months	30,473,570	
Others	294,430,003	
Net of Security Deposits of Rs.4,74,38,153/- (Previous Year Rs. 4,95,77,934/-) (Net of Rs. 69,74,74,635/- transferred to goodwill) (Refer Note No. V (4) of Schedule No. 15)		<u>324,903,573</u>
<b>CASH AND BANK BALANCES</b>		
Cash in hand	467,060	
Balances with Scheduled Banks (Including cheques in hand and remittance in transit)		
– In Fixed Deposit Accounts	7,747,275	
– In Exchange Earner's Foreign Currency Account	5,416,398	
– In Current Accounts	34,532,993	
		<u>48,163,726</u>
<b>LOANS AND ADVANCES (Unsecured - Considered Good)</b>		
Loan to others	9,412,760	
Advances Recoverable in cash or in kind or for value to be received	5,410,108	
Security Deposits	36,547,355	
Income Tax	15,308,318	
		<u>66,678,541</u>
		<u>463,937,847</u>

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

Particulars	As at	
	31st December, 2002	Rupees
<b>SCHEDULE "8" - CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	114,485,624	
Other Liabilities	8,794,955	
		123,280,579
<b>PROVISIONS</b>		
Provision for Expenses	46,022,725	
Provision for Income Tax	5,089,219	
		51,111,944
		<b>174,392,523</b>

## SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

Particulars	For the period	
	1st April, 2002 to	31st December, 2002
	Rupees	Rupees
<b>SCHEDULE "9" - INCOME FROM OPERATIONS</b>		
Training and Education		1,166,216,546
		<b>1,166,216,546</b>
<b>SCHEDULE "10" - OTHER INCOME</b>		
Dividend from Subsidiary		2,400,000
Gain on Exchange Fluctuations		516,727
Interest Income		641,343
(TDS Rs. 39,306/- (Previous Year - Rs. 2,64,394/-)		
Profit on Sale of Assets		83,526
Sale of Prospectus/Certificate Charges		990,081
Miscellaneous Income		2,210,337
		<b>6,842,014</b>
<b>SCHEDULE "11" - EDUCATION AND SOFTWARE EXPENSES</b>		
Educational, Training and Other Materials		61,006,976
Centre Operation Expenses		677,544,239
Software and Consulting Expenses		7,520,589
Advertisement and Publicity		18,349,612
Seminar and Conference Expenses		5,462,840
Centre Security and Service Charges		7,188,044
Furniture and Equipment Hire Charges		3,676,176
Professional and Internal Audit Fees		17,720,030
Miscellaneous Training and Other Expenses		1,981,005
		<b>800,449,511</b>
<b>SCHEDULE "12" - EMPLOYMENT EXPENSES</b>		
Salary and Other Allowances		82,728,885
Contribution to Provident Fund and Other Funds		11,034,022
Welfare Expenses		3,597,643
		<b>97,360,550</b>

## SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

### Particulars

#### SCHEDULE "13" - ADMINISTRATIVE AND OTHER EXPENSES

Particulars	For the period 1st April, 2002 to 31st December, 2002	
	Rupees	Rupees
Rent		19,447,578
Rates & Taxes		1,963,761
Travelling and Conveyance Expenses		31,058,614
Electricity Charges		6,632,630
Communication Expenses		14,580,175
Repairs and Maintenance :		
– Buildings	78,812	
– Plant & Machinery	1,643,727	
– Others	3,195,604	
		4,918,143
Printing and Stationery		6,350,988
Auditors Remuneration		
– Audit Fees	644,000	
– Tax Audit Fees	200,000	
– Other Services	25,000	
– Out of Pocket Expenses	104,858	
		973,858
Directors' Sitting Fees		350,000
Stamp Duty and Filing Fees		310,184
Registrar and Share Transfer Expenses		536,118
Insurance Premium		1,797,856
Loss on Sale of Assets		11,235,034
Staff Recruitment Expenses		124,539
Membership and Subscription		642,250
Miscellaneous Expenses		1,882,789
		<b>102,804,517</b>

#### SCHEDULE "14" - INTEREST AND FINANCE CHARGES

Interest on Working Capital Demand Loan	4,120,986
Interest on Cash Credit	595,660
Interest on Letter of Credit	1,783,328
Interest on Intercorporate/Security Deposits	3,985,542
Bank Charges	2,802,317
Commitment and Processing Fees	463,657
	<b>13,751,490</b>

## Schedule “15”

### NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE PERIOD ENDED 31ST DECEMBER, 2002

#### I. Overview

Aptech Limited together with its subsidiaries provides Computer Training and Information Technology services and solutions through its own centers and franchisee centers.

During the period under review Aptech Limited incorporated a wholly owned subsidiary Aptech Training Limited FZE at United Arab Emirates.

#### II. Principles of Consolidation

The consolidated financial statements include the accounts of Aptech Limited and all its subsidiaries. The consolidated Balance Sheet includes the assets and liabilities of Aptech Limited and all its subsidiaries as on 31st December, 2002 except for subsidiary Aptech Worldwide Bangladesh Limited which is as on 30th September, 2002. The consolidated Profit and Loss Account is for the period 1st April, 2002 to 31st December, 2002 for Aptech Limited and its subsidiaries except for Aptech Worldwide Bangladesh Limited which is for 1st October, 2001 to 30th September, 2002.

The financial statements of Aptech Limited and its subsidiaries have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions.

Since this is the first year of presenting consolidated financial statements, previous years figures are not given.

#### III. Basis of Preparation

The consolidated financial statements have been prepared under the historical cost convention and on accrual basis of accounting and as per Accounting Standard 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India (the ICAI). The accounts of Aptech Limited and its subsidiaries have been prepared in accordance with Accounting Standards issued by the ICAI, guidelines issued by respective regulatory authorities from time to time and generally accepted accounting policies.

The preparation of financial statements requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

The consolidated financial statements includes the results of the following entities :

Sr. No.	Name of the Company	Country	Relation	Interest
1.	Aptech Training Limited FZE	UAE	Subsidiary	100%
2.	Aptech Worldwide Bangladesh Limited	Bangladesh	Subsidiary	100%

#### IV. Significant Accounting Policies

##### 1. Accounting Convention and Concepts :

The Company follows the Historical Cost Convention and the Mercantile System of Accounting where the income and expenditure are recognized on accrual basis.

##### 2. Revenue Recognition :

- a) Revenues from Education and Training are recognized on substantial performance of the contracts having regards to the costs incurred on the commencement of the relevant courses, with adequate provisions for estimated future variable cost.
- b) Dividend income is recognized on right to receive basis.

### **3. Fixed Assets :**

Fixed assets are valued at cost less accumulated depreciation. Cost includes all expenses incurred for acquisition of assets.

### **4. Depreciation :**

Depreciation is charged on a pro-rata basis on a Straight-Line Method as per the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956, as amended.

### **5. Investments :**

Investments are stated at cost of acquisition. All the investments are held as long-term investments and provision is made for permanent diminution in the value of investment.

### **6. Inventories :**

Inventory of educational and other material is valued at cost or market price whichever is lower.

### **7. Foreign Currency Transactions :**

- i) Value of Fixed Assets is converted at the rate prevailing on the date of remittance / acquisition.
- ii) Monetary items denominated in foreign currency at the year-end are translated at the year-end rates. Gain/loss on conversion is charged to Profit and Loss Account.
- iii) Investment in the Overseas Subsidiary companies / Joint Ventures is accounted at the rate prevailing on the date of remittance / acquisition.
- iv) Transactions done during the year are converted at the rate prevailing at the date of transaction.
- v) Conversion of Transactions of Foreign Branch :
  - a) Conversion of Foreign Currency Transaction of the branch office of the Company on revenue accounts excluding depreciation on Fixed Assets of Overseas branch are incorporated in the Company's account at average rate during the year.
  - b) Fixed Assets and depreciation thereon are translated in case of specific remittance at the rate of exchange prevailing on the day of remittance and in case of no specific remittance at the rate prevailing on the day of acquisition of the assets.
  - c) Current Assets and Liabilities are translated at the rate prevailing on the last working day of the year.
  - d) Balances appearing in foreign currency in branch books of Head Office Account are translated at corresponding Rupee balance appearing in the Head Office Books.

### **8. Retirement Benefits :**

The provision for retirement benefits such as Provident Fund, Gratuity and Superannuation is made for employees from the date of their respective appointment.

- i) Company's contribution to Provident Fund, Superannuation Fund and other fund is charged to Profit and Loss Account.
- ii) The amount of Gratuity liability ascertained on the basis of actuarial valuation is paid and charged to Profit and Loss Account.
- iii) Provision is made towards liability for leave encashment.

### **9. Research and Development :**

Revenue expenditure on research and development is charged to Profit and Loss Account in the year in which it is incurred. Capital expenditure on research and development is included in fixed assets and depreciation is charged at applicable rates on such assets.

### **10. Borrowing Cost :**

Borrowing cost attributable to the acquisition of a Fixed Asset is capitalized as part of the cost of that Fixed Asset till the date it is put to use. Other Borrowing Cost is recognized as expenditure in the period in which they are accrued.

## V. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. The current accounts of Aptech Limited are from 1st April, 2002 and ending on 31st December, 2002 and that of the wholly owned subsidiary, Aptech Training Limited FZE, are from 1st August, 2002 and ending on 31st December, 2002 and another wholly owned subsidiary Aptech Worldwide Bangladesh Limited accounts are from 1st October, 2001 to 30th September, 2002. Since this is the first year of presenting consolidated financial statements, previous years figures are not given.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. Nil.
3. Contingent Liabilities in respect of :
  - a. Claims not acknowledged as debts amounts to Rs. 6,16,93,633/-.
  - b. Counter Guarantees to the extent of Rs. 4,38,66,550/- given to bankers, who have in turn furnished performance guarantees for the execution of Government projects by the Company.
4. The Board of Directors vide resolution passed on 24th December, 2002 decided to create a Goodwill Account, as a result of the following :
  - i) Plant and Machinery items comprising computer hardware, software and courseware, became outdated owing to technological obsolescence, whose value aggregated to Rs. 38,15,05,862/-.
  - ii) Inventory in the form of study material to the extent of Rs. 5,24,98,650/- was rendered unusable.
  - iii) The Company franchised/closed a number of Educational centers as a result of which, the student receivables in respect of these centers, became non realizable. In addition, certain debts due from Business Partners, who were no longer continuing operations were not likely to be recovered. The amount unrecoverable aggregates to Rs. 69,74,74,635/-.
  - iv) Items of Furniture & Fixtures aggregating to Rs. 6,61,20,853/- was rendered unusable.

As a result of the above, the Goodwill created aggregating to Rs. 1,19,76,00,000/- was adjusted against the Capital Reserve, General Reserve and Contingency Reserve.

The Company has been advised that the aforesaid accounting treatment is in accordance with the relevant provisions of the Composite Scheme of Arrangement and Reconstruction and generally accepted accounting principles.
5. Related Party Disclosures

Sr. No.	Name of the Company	Country	Relation	Interest
1.	Aptech Training Limited FZE Dubai	UAE	Subsidiary	100%
2.	Aptech Worldwide Bangladesh Limited	Bangladesh	Subsidiary	100%
3.	Aptech Beida Jade Information Technology Company Limited	China	Joint Venture	50%
4.	Atul K. Nishar	India	Chairman	
5.	Dr. A.C. Shah	India	Director	
6.	Pramod Khera	India	Managing Director	
7.	H.P. Nagchoudhary	India	Director	
8.	V. Balasubramanian	India	Executive Director	
9.	Dr. (Mrs.) Snehalata Deshmukh	India	Director	

The Aptech Limited has raised invoice of Rs.2,27,67,598/- towards consultancy services to Aptech Beida Jade Information Technology Company Limited.

The Aptech Limited has paid remuneration to Managing/Executive Director of Rs. 30,89,234/- and also paid Directors sitting fees of Rs.3,50,000/-

## 6. Earning Per Share

No. of shares outstanding at the year end	1,81,49,437
Profit after tax Rs.	4,76,20,953
Weighted average number of equity shares	1,84,79,437
Basic EPS Rs.	2.62
Diluted EPS Rs.	2.58

## 7. Segmentwise Revenue

Particulars	IT Education	Multimedia	Total
<b>Segment revenue</b>			
Income from segment	94,78,95,373	22,48,61,292	1,17,27,56,665
<b>Segment results</b>			
Profit before tax and interest from each segment	14,81,62,124	89,72,936	15,71,35,060
Less: Interest			1,37,31,240
Less: Other unallocable expenses			9,15,32,952
Add: Other unallocable income			3,01,895
Total profit before tax			5,21,72,763

### Note :

Fixed Assets are not identified segmentwise, as these are used interchangeably between segments. The management believes that meaningful segregation of Assets and Liabilities on segment basis is currently not practicable.

8. Consequent to the standard on accounting for taxes on income becoming mandatory and applicable to the Company effective 1st April, 2002, the Company has deferred taxation credit of Rs. 20,44,34,843/- on account of carried forward business loss, unabsorbed depreciation as per taxation laws and current differential depreciation amount as at 31st December, 2002.

The management does not expect the utilization of this credit in the immediate future and therefore as a measure of prudence the credit has not been recognized in the accounts for the current period.

9. a) Remuneration to Managing / Executive Director :

	<b>Current Period (Rupees)</b>
	<b>01.04.2002 - 31.12.2002</b>
Salaries and Allowances	24,59,107
Contribution to Provident and other funds	4,36,663
Perquisites (valued as per Income Tax Rules)	1,93,464
<b>TOTAL</b>	<b>30,89,234</b>

- b) Since no commission is paid/payable to any director, the computation of profits under Section 349 of the Companies Act, 1956 has not been made.

10. Provision for tax is made on yearly basis under the Tax Payable method, based on the Tax Liability as computed after taking credit for allowance and exemptions.
11. Training and Education revenue includes income received by company at the franchised centers. The amount paid to such franchisees for operating such centers, have been included under center operation expenses.
12. Sundry Debit/Credit balances are subject to confirmation, which are awaited.

For **Mahendra Kumbhat & Associates**  
Chartered Accountants

**Manoj P. Shah**  
Partner

Place : Mumbai  
Date : 14th February, 2003

**Atul K. Nishar**  
Chairman

**Pramod Khara**  
Managing Director

**T.K. Ravi Shankar**  
(Vice President -  
Management Services)

**Dr. A.C. Shah**  
Director

**H.P. Nagchowdhury**  
Director

**Jayant Athavale**  
(Vice President - Legal &  
Secretarial and Company Secretary)



**(C) CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from issue of share capital  
Proceeds from long term borrowings  
Repayment of long term borrowings  
Dividend paid

	For the period ended 31st December, 2002	
	Rupees	Rupees
	1,325,621	
	46,883,598	
	(6,772,788)	
	<u>—</u>	41,436,431
		<u>(41,378,955)</u>
<b>Cash and Cash Equivalents as on 31st March 2002</b>	89,542,681	
<b>Cash and Cash Equivalents as on 31st December 2002</b>	<u>48,163,726</u>	<u>(41,378,955)</u>

Note : Since this is the first year of presenting Consolidated Cash Flow Statement, previous year figures are not given.

**Atul K. Nishar**  
*Chairman*

**Dr. A.C. Shah**  
*Director*

**H.P. Nagchowdhury**  
*Director*

**Pramod Khera**  
*Managing Director*

**T.K. Ravi Shankar**  
*(Vice President -  
Management Services)*

**Jayant Athavale**  
*(Vice President - Legal &  
Secretarial and Company Secretary)*

Place : Mumbai  
Date : 14th February, 2003

## **AUDITORS' REPORT**

### **To the Members of APTECH TRAINING LIMITED FZE**

We have audited the attached Balance Sheet of Aptech Training Limited FZE Dubai as at 31st December, 2002 and also the Profit and Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, (the 'Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.
- (v) On the basis of written representations received from the directors as on 31st December, 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December, 2002 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- (vi) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the other notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 2002; and
  - b) In the case of the Profit and Loss Account, of the loss for the period ended on that date.

For **Mahendra Kumbhat & Associates**  
*Chartered Accountants*

**Manoj P. Shah**  
*Partner*

Place : Mumbai  
Date : 12th February, 2003

### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our Report of even date)

1. The Company has taken loans from companies, firms and other parties required to be listed in the register to be maintained under Section 301 of the Act. In our opinion the terms and conditions including the rate of interest are prima facie not prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Act, provisions of the Section 370 are not applicable to the Company on or after the commencement of the Companies (Amendment) Act, 1999.
2. In our opinion and according to the information and explanations given to us, it appears that, there are in general, adequate internal control procedures, commensurate with the size of the Company and the nature of its business, with regard to purchase of assets, equipments, stores, materials, and for sale of goods and services.
3. According to the information and explanations given to us, the Company has entered into transactions for purchase of goods and services with parties required to be listed in the register to be maintained under Section 301 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices of such services and goods or at prices at which similar services are made available by other parties.
4. According to the information and explanations given to us no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.
5. In respect of services/consultancy rendered by the Company.
  - a) The Company has reasonable system of recording receipts, issues and consumption of materials and allocating materials consumed to each project.
  - b) It has reasonable system of allocation of man-hours to the relevant consultancy contracts.
  - c) It has a proper system of Internal Control for allocation of man-hours utilized and the same is commensurate with the size of the Company and nature of its business.

For **Mahendra Kumbhat & Associates**

*Chartered Accountants*

**Manoj P. Shah**

*Partner*

Place : Mumbai

Date : 12th February, 2003

**BALANCE SHEET AS AT 31ST DECEMBER, 2002**

Particulars	Schedule	As at	
		31st December, 2002 Rupees	Rupees
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	"1"		1,325,621
<b>LOAN FUND</b>			
Unsecured Loans	"2"		1,852,548
			<u><b>3,178,169</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>A) CURRENT ASSETS, LOANS AND ADVANCES</b>			
Cash and Bank Balances	"3"	2,432,686	
		<u>2,432,686</u>	
Less :	-		
<b>B) CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	"4"	342,590	
		<u>342,590</u>	
<b>NET CURRENT ASSETS (A-B)</b>			2,090,096
Currency Translation Reserve			98,841
Profit and Loss Account			989,232
			<u><b>3,178,169</b></u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS</b>			
	"9"		

Schedule 1 to 9 form an Integral part of the accounts.  
This is the Balance Sheet referred to in our report of even date.

For **Mahendra Kumbhat & Associates**  
Chartered Accountants

**Manoj P. Shah**  
Partner

**Pramod Khara**  
Director

**T.K. Ravi Shankar**  
Director

Place : Mumbai  
Date : 12th February, 2003

## Aptech Training Limited FZE

### PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2002

Particulars	Schedule	For the period ended 31st December, 2002	
		Rupees	Rupees
<b>INCOME</b>			
Income from Operations		1,920,655	
Other Income	"5"	1,302	
			<u>1,921,957</u>
<b>EXPENDITURE</b>			
Training & Education Expenses	"6"	2,599,853	
Administration and Other Expenses	"7"	299,462	
Interest and Financial Charges	"8"	11,874	
			<u>2,911,189</u>
<b>PROFIT FOR THE PERIOD BEFORE TAX</b>			(989,232)
Less : Provision for Income Tax			<u>—</u>
<b>PROFIT FOR THE PERIOD AFTER TAX</b>			(989,232)
Add : Balance brought forward from Previous Year			<u>—</u>
<b>BALANCE CARRIED TO BALANCE SHEET</b>			<u><b>(989,232)</b></u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS</b>	"9"		

Schedules 1 to 9 form an integral part of the accounts.  
This is the Profit & Loss Account referred to in our report of even date.

For **Mahendra Kumbhat & Associates**  
Chartered Accountants

**Manoj P. Shah**  
Partner

**Pramod Khara**  
Director

**T.K. Ravi Shankar**  
Director

Place : Mumbai  
Date : 12th February, 2003

**SCHEDULES TO BALANCE SHEET**

Particulars	As at	
	31st December, 2002 Rupees	Rupees
<b>SCHEDULE "1" - SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,00,000 UAE Dhms. - Equity Shares		1,325,621
		<b>1,325,621</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
<b>EQUITY SHARES</b>		
1,00,000 UAE Dhms. - Equity Shares fully paid up (All the Shares are held by the Parent Company Aptech Limited India)		1,325,621
		1,325,621
<b>SCHEDULE "2" - UNSECURED LOANS</b>		
Aptech Limited (Parent Company)		1,852,548
		<b>1,852,548</b>
<b>SCHEDULE "3" - CURRENT ASSETS</b>		
<b>CASH AND BANK BALANCES</b>		
Balance with Bank - In a Current Account		2,432,686
		<b>2,432,686</b>
<b>SCHEDULE "4" - CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		342,590
		<b>342,590</b>
<b>SCHEDULES TO PROFIT &amp; LOSS ACCOUNT</b>		
<b>Particulars</b>		
<b>SCHEDULE "5" - OTHER INCOME</b>		
Interest Income		1,302
		<b>1,302</b>
<b>SCHEDULE "6" - TRAINING &amp; EDUCATION EXPENSES</b>		
Educational, Training and Other Materials		1,872,834
Professional and Internal Audit Fees		727,019
		2,599,853
<b>SCHEDULE "7" - ADMINISTRATIVE AND OTHER EXPENSES</b>		
Travelling and Conveyance Expenses		62,703
Communication Expenses		36,909
Registrar and Share Transfer Expenses		199,850
		<b>299,462</b>
<b>SCHEDULE "8" - INTEREST AND FINANCE CHARGES</b>		
Bank Charges		11,874
		<b>11,874</b>

For the period ended  
31st December, 2002  
Rupees Rupees

## SCHEDULE "9" - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

### Note 1 – Description of Business and Organization

Aptech Training Limited FZE UAE is a wholly owned subsidiary of Aptech Limited, foreign corporation in India. These accounts have been prepared to attach with the accounts of Aptech Limited, the parent company, to comply with the provisions of the Indian Companies Act.

The Company was established in 2002, under the laws of United Arab Emirates. The Company has an authorized capital of common stock of the value of 1,00,000 UAE Dirhams, which have been issued in consideration of Rs. 13,25,621/-

Aptech Training Limited FZE provides computer training and information technology ("IT") services and solutions to its clientele, primarily in the form of professional IT staffing and consulting services. Its technological and managerial infrastructure also provides other value-added IT services, including client/server systems consultation and development, systems migration, re-engineering, E-Commerce and maintenance services.

The Company has its offices in the United Arab Emirates.

### Note 2 – Summary of Significant Accounting Policies

**Conversion into Indian Rupees** – For the Purpose of these accounts all the income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate as on the Balance Sheet date. The Common Stock is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year-end are transferred to Currency Translation Reserve.

#### Revenue Recognition –

- a) Revenues from Education and Training are recognized on substantial performance of the contracts having regards to the costs incurred on the commencement of the relevant courses, with adequate provisions for estimated future variable cost.
- b) Dividend income is recognized on right to receive basis.

**Concentrations of Credit Risk** – Financial instruments, which could subject the Company to a concentration of credit risk, include its free cash balances and trade accounts receivable.

During the period ended December 31, 2002, the Company had revenues from two clients that accounted for approximately 100% of revenues. The aggregate accounts receivable balances for these customers at December 31, 2002 were Rs. Nil.

**Accounts Receivable** – An allowance for doubtful accounts receivable is provided based on the Company's historical collection experience and factors specific to each client's account balance. As of December 31, 2002 accounts receivable is recorded net of allowance for doubtful accounts receivable of Rs. Nil.

**Previous Years Figures** – Since this is a first year of operation, previous year's figures are not given.

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For **Mahendra Kumbhat & Associates**  
*Chartered Accountants*

**Manoj P. Shah**  
*Partner*

**Pramod Khera**  
*Director*

**T.K. Ravi Shankar**  
*Director*

Place : Mumbai  
Date : 12th February, 2003

### Auditors' Report to the Shareholders

We have audited the accompanying balance sheet of Aptech Worldwide Bangladesh Limited as of September 30, 2002 and the related profit and loss and cash flow statement for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with BSA. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with BAS, give a true and fair view of the state of the Company's affairs as of September 30, 2002, and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act, 1994 and other applicable laws and regulations.

We also report that :

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (c) the Company's balance sheet and profit and loss account dealt with by the report are in the agreement with the books of account and returns.

### **HOWLADAR YUNUS & CO.**

Chartered Accountants

Place : Dhaka, Bangladesh

Date : 15th December, 2002

# Aptech (WOS) Bangladesh Limited

## REPORT OF THE DIRECTORS

The Directors of Aptech (WOS) Bangladesh Limited have the pleasure in submitting the financial statements for the year ended 30th September 2002.

### PRINCIPAL ACTIVITIES

The Principal activities of the Company are developing, designing, franchising, licensing, software and program products and providing information technology consultancy services.

### THE PERFORMANCE

The Company started its operations from the period 1st December, 1998, stabilized the operations during the last three accounting periods ended 30th September, 2001. The company during the accounting year 2001-02 achieved respectable growth. Company continues to maintain its position as one of the largest and most preferred provider of Information Technology Training in Bangladesh. The commitment to give local support to business partners and ensure delivery of promised quality to students still remains as the core objective of the Company and the decision to set up fully equipped country office helped tremendously in achieving the same. Our contribution to create IT professionals in Bangladesh is apparent from our current market share of app. 49%, which gives us the market leadership status. The Directors take the pleasure in reporting the financial results of the Company for the year ended 30th September, 2002 under report as below :

Particulars	Rupees
Gross Income	18,926,277
Less : Operating Expenses	17,378,459
Net Profit Before Tax	1,547,818
Less : Provision for Tax	525,700
Net Profit after Tax	1,022,118

### THE FUTURE OUTLOOK

Information Technology Sector continues to be recognized as a thrust sector and all duties and taxes have been withdrawn from this sector by Government. There is a huge shortage of human resource in Information Technology Sector and the Company is well positioned with its countrywide ever-expanding network of well equipped training centers to fill the gap. With well established brands, committed management team and business partners the Company is well set to ensure continuous growth for years to come.

### DIVIDEND

Your Company sees significant growth opportunities in 2002-03 and will need to invest in creating new infrastructure and sales and marketing – hence to conserve resources, your Directors considered it prudent not to recommend any dividend on equity shares for the financial year 2001-02.

### DIRECTORS

The Directors in office at the date of this report are :

V. Balasubramanian	(Appointed on 14th June, 1999)
Pranab Kumar Bose	(Appointed on 15th July, 2002)

### AUDITORS

The present Auditors M/s. Howladar Yunus & Co. Chartered Accountants retire on completion of their terms and are eligible for reappointment.

### ACKNOWLEDGEMENT

The Directors take the opportunity to acknowledge the continued support and efforts of all members of the Company, as well as business partners and associates during the period. Our performance would not have been possible without their support.

**V. Balasubramanian**  
Director

**Pranab Kumar Bose**  
Director

**Balance Sheet as at 30th September, 2002**

Particulars	Schedule	As at 30th September, 2002		As at 30th September, 2001	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
<b>SHARE HOLDERS' FUNDS</b>					
Share Capital	"1"		1,409,334		1,409,334
<b>PROFIT AND LOSS ACCOUNT</b>					
As per annexed account			1,162,198		140,080
			<u>2,571,532</u>		<u>1,549,414</u>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
<b>Gross Block</b>	"2"	3,971,500		3,155,915	
<b>Less : Depreciation</b>		<u>1,271,113</u>		<u>802,966</u>	
<b>Net Block</b>			<b>2,700,387</b>		<b>2,352,949</b>
<b>A) CURRENT ASSETS, LOANS AND ADVANCES "3"</b>					
i) Sundry Debtors		9,935,236		2,918,650	
ii) Cash and Bank Balances		2,202,629		3,771,391	
ii) Loans and Advances		<u>1,325,933</u>		<u>4,635,301</u>	
		<u>13,463,798</u>		<u>11,325,342</u>	
Less :					
<b>B) CURRENT LIABILITIES AND PROVISIONS "4"</b>					
i) Current Liabilities		12,344,479		10,024,076	
ii) Provisions		<u>1,289,359</u>		<u>2,109,457</u>	
		<u>13,633,838</u>		<u>12,133,533</u>	
<b>NET CURRENT ASSETS (A-B)</b>			(170,040)		(808,191)
<b>CURRENCY TRANSLATION RESERVE</b>			41,185		4,656
			<u>2,571,532</u>		<u>1,549,414</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION "10"</b>					

**Schedules 1 to 10 form an integral part of Accounts**

This is the Balance Sheet referred to in our report of even date.

**Howladar Yunus & Co.**  
Chartered Accountants

**V. Balasubramanian**  
Director

**Pranab Kumar Bose**  
Director

Place : Dhaka, Bangladesh  
Date : 15th December, 2002

# Aptech (WOS) Bangladesh Limited

## Profit And Loss Account for the Period Ended 30th September, 2002

Particulars	Schedule	As at		As at	
		30th September, 2002		30th September, 2001	
		Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
INCOME FROM OPERATIONS			18,454,139		18,040,068
OTHER INCOME	"5"		472,138		67,139
			<u>18,926,277</u>		<u>18,107,207</u>
<b>EXPENDITURE</b>					
Training and Education Expenses	"6"	7,987,386		8,146,914	
Employment Expenses	"7"	5,604,504		4,962,016	
Administration and Other Expenses	"8"	3,310,046		3,300,017	
Interest and Financial Charges	"9"	8,376		10,702	
Depreciation		<u>468,147</u>		<u>445,431</u>	
			17,378,459		16,865,080
<b>PROFIT FOR THE PERIOD BEFORE TAX</b>			1,547,818		1,242,127
Less : Provision for Income Tax			<u>525,700</u>		<u>504,700</u>
<b>PROFIT FOR THE PERIOD AFTER TAX</b>			1,022,118		737,427
Add : Balance brought forward from previous year			140,080		778,653
Profit available for appropriation			<u>1,162,198</u>		<u>1,516,080</u>
Proposed dividend					1,376,000
			<u>1,162,198</u>		<u>140,080</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION</b>	"10"				

Schedules 1 to 10 form an integral part of Accounts

This is the Balance Sheet referred to in our report of even date.

Howladar Yunus & Co.  
Chartered Accountants

V. Balasubramanian  
Director

Pranab Kumar Bose  
Director

Place : Dhaka, Bangladesh  
Date : 15th December, 2002

**SCHEDULES TO BALANCE SHEET**

Particulars	As at 30th Sept. 2002 Rupees	As at 30th Sept. 2001 Rupees
<b>SCHEDULE "1" - SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,000,000 Shares of Taka 10 each	8,700,000	8,700,000
	<u>8,700,000</u>	<u>8,700,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
<b>EQUITY SHARES</b>		
160,000 Shares of Taka 10 each fully paid-up. (All The Shares are held by the parent Company Aptech Limited, India)	1,409,334	1,409,334
	<u>1,409,334</u>	<u>1,409,334</u>

**SCHEDULE "2" FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01-10-2001	Addition during the year	As at 30-09-2002	As at 01-10-2001	Provided during the year	As at 30-09-2002	As at 30-09-2002	As at 30-09-2001
Furniture & Fixtures	824,471	568,430	1,392,901	168,853	121,651	290,504	1,102,397	655,618
Office Equipments	2,331,444	247,155	2,578,599	634,113	346,496	980,609	1,597,990	1,697,331
<b>Total - Current period (Rs.)</b>	<b>3,155,915</b>	<b>815,585</b>	<b>3,971,500</b>	<b>802,966</b>	<b>468,147</b>	<b>1,271,113</b>	<b>2,700,387</b>	<b>2,352,949</b>
Total - Previous period (Rs.)	1,823,446	1,332,469	3,155,915	357,535	445,431	802,966	2,352,949	1,465,911

**SCHEDULE "3" - CURRENT ASSETS**

Sundry Debtors	9,935,236	2,918,650
Cash and Bank Balances	2,202,629	3,771,391
Deposit	47,300	3,533,940
Advance Income Tax	1,200,050	931,602
Advances	78,583	169,759
	<u>13,463,798</u>	<u>11,325,342</u>

**SCHEDULE "4" - CURRENT LIABILITIES AND PROVISIONS**

<b>Current Liabilities</b>		
Sundry Creditors	12,026,971	9,956,459
Other Liabilities	317,508	67,617
<b>Provisions</b>		
Provision for Expenses	264,760	212,757
Provision for Income Tax	1,024,599	504,700
Provision for Dividend	-	1,392,000
	<u>13,633,838</u>	<u>12,133,533</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

**SCHEDULE "5" - OTHER INCOME**

Ecm Income	51,630	67,139
Interest Income	420,508	-
	<u>472,138</u>	<u>67,139</u>

**SCHEDULE "6" - TRAINING AND EDUCATION EXPENSES**

Educational Training and Other Materials	6,483,330	6,619,166
Advertisement and Publicity Expenses	1,137,585	1,047,635
Seminar and Conference Expenses	118,410	172,839
Professional Expenses	248,061	307,274
	<u>7,987,386</u>	<u>8,146,914</u>

## SCHEDULES TO PROFIT & LOSS ACCOUNT

Particulars	As at 30th Sept. 2002 Rupees	As at 30th Sept. 2001 Rupees
<b>SCHEDULE "7" - EMPLOYMENT EXPENSES</b>		
Salary and Allowance	5,313,722	4,550,377
Staff Training	48,015	38,967
Bonus	151,069	203,858
Medical Reimbursement	23,587	23,279
Staff Welfare	68,111	145,535
	<u>5,604,504</u>	<u>4,962,016</u>
<b>SCHEDULE "8" - ADMINISTRATIVE AND OTHER EXPENSES</b>		
Travelling And Conveyance Expenses	959,460	837,071
Rent Rates and Taxes	878,702	724,598
Communication Expenses	417,523	456,449
Motor Car Expenses	494,885	590,362
Printing and Stationery	279,344	274,084
Electricity Expenses	100,858	85,431
Office Maintenance	66,429	98,865
Audit Fee	44,000	43,000
Repair and Maintenance	34,743	143,704
Insurance	13,756	8,880
Newspaper and Periodicals	12,998	15,772
Subscription	7,348	21,801
	<u>3,310,046</u>	<u>3,300,017</u>
<b>SCHEDULE "9" - INTEREST AND FINANCE CHARGES</b>		
Bank Charges & Commission	8,376	10,702
	<u>8,376</u>	<u>10,702</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2002

### 10.00 SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION :

#### 10.01 Legal Form of the Company :

Aptech Worldwide Bangladesh Limited was incorporated in Bangladesh on December 01, 1998 under Companies Act, 1994 as a Private Limited Company.

#### 10.02 Nature of Business Activities :

The Company is engaged in providing computer training, education and consultancy services through its franchisees in Bangladesh. It is also engaged in marketing and training related products and software products. The Company enters franchise agreement with training centers to perform these activities.

#### 10.03 Accounting Basis and Convention :

The Financial Statements have been prepared under historical cost convention and in accordance with the International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh.

#### 10.04 Fixed Assets and Depreciation :

Fixed Assets have been stated at cost less depreciation. Depreciation has been charged on reducing balance method on Fixed Assets. The rates are as follows :

Furniture and Fixtures 10%

Office Equipments 18%

#### 10.05 Taxation :

Provision for Taxation has been made as per rates specified in Finance Act, 2002.

#### 10.06 Figures rounding off :

Figures have been rounded off to nearest Rupees.

**Note :** In accordance with the provisions of section 212 of the Companies Act, 1956 all the figures have been converted into Indian Rupees for the purpose of reflection in this Report of Accounts.



**FORM 2B**

(See rules 4CCC and 5D)

**NOMINATION FORM**

(To be filled in by individual applying singly or jointly)  
(if jointly, only upto two persons)

I/We \_\_\_\_\_ and \_\_\_\_\_ the holders of  
Shares/Debentures/Deposit Receipt bearing number(s) \_\_\_\_\_ of  
M/s. \_\_\_\_\_ wish to make a nomination and do hereby nominate the  
following person in whom all rights of transfer and/or amount payable in respect of shares/debentures/deposits shall  
vest in the event of my/our death.

**Name and Address of Nominee**

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Date of Birth\* : \_\_\_\_\_

(\* to be furnished in case the nominee is a minor)

\*\* The Nominee is a minor whose guardian is \_\_\_\_\_

Name and Address : \_\_\_\_\_

(\*\* To be deleted if not applicable)

Signature : \_\_\_\_\_

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Date : \_\_\_\_\_

Signature : \_\_\_\_\_

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Date : \_\_\_\_\_

Signature of two Witnesses \_\_\_\_\_

Name and Address

Signature with date

1.

2.



**APTECH LIMITED**

Registered Office : Elite Auto House, 54-A, Sir M. VasANJI Road, Andheri (E), Mumbai 400 093.

**PROXY FORM**

Registered Folio \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member/Members of the above named Company hereby appoint Mr. / Ms. \_\_\_\_\_ residing at \_\_\_\_\_ or failing him / her Mr. / Ms. \_\_\_\_\_ residing at \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the 3rd Annual General Meeting of the Company to be held on Monday, the 30th day of June, 2003 at 11.30 a.m. at Dinanath Mangeshkar Hall, Tejpal Road, Opp. Vile Parle Railway Station, Vile Parle (East), Mumbai - 400 057 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

Affix  
Re. 1.00  
Revenue  
Stamp

Signature  
(Please sign across the Stamp)

Note : This form in order to be valid should be duly stamped, completed and signed and must reach the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

**APTECH LIMITED**

Registered Office : Elite Auto House, 54-A, Sir M. VasANJI Road, Andheri (E), Mumbai 400 093.

**ATTENDANCE SLIP**

Registered Folio \_\_\_\_\_

I certify that I am a registered Shareholder/proxy for the registered Shareholder of the Company. I hereby record my presence at the Third Annual General Meeting of the Company held on Monday, the 30th day of June, 2003 at 11.30 a.m. at Dinanath Mangeshkar Hall, Tejpal Road, Opp. Vile Parle Railway Station, Vile Parle (East), Mumbai - 400 057.

Member's/Proxy's name in BLOCK letters

Member's/Proxy's Signature

(Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over the same at the entrance of the Meeting Hall.)